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The National Magazine of Business Fundamentals

CREDIT

MONTHLY

Vol. 32, No. 4



■ APRIL, 1930 ■

Building, Our National Yardstick,
by Irwin S. Chanin, President of
the Chanin Construction Company
—page 7.

Colonel W. J. Donovan discusses
his Bankruptcy Investigation
—page 17.

An Interview with the Polish
Ambassador, Tytus Filipowicz
—page 19.

"O, da, vui
chotite
deneg!"

("O, yes, you want money!")



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CREDIT

MONTHLY

The National Magazine of Business Fundamentals

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Looking Ahead

Three presidents will help make the May issue of CREDIT MONTHLY of high quality. William C. Redfield, president of the Brooklyn National Bank, and Secretary of Commerce under Wilson will write on "Arbitration vs. Litigation in Credit Administration." Charles M. Fitts, president of the American Institute of Steel Construction, will discuss conditions in the steel construction industry, and how they affect credit and prosperity. P. D. Wagoner, president of the Underwood Elliott Fisher Company, will contribute an article on Foreign Trade.

Other contributions will be: "The Second Industrial Revolution" by Dr. Stephen I. Miller, "Is China a Good Credit Risk?" by Walter Buchler, "Sales Quotas and High Pressure Selling" by R. T. Grant, vice-president of General Motors, and an interview with the French Ambassador.

The banking section of the CREDIT MONTHLY will be instituted in May with leading articles on significant phases of banking credit and finance of interest to both bankers and commercial credit executives.

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CREDIT
MONTHLY
April, 1930

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APRIL, 1930

.....EVENT AND COMMENT.....

The Breaking of the Ice

SPRING IS BREAKING in the northlands. Elk, moose, beaver, wolf, fox, bear—all animals are turning northward as the snows melt, waiting impatiently to recover their wild kingdoms. Man, too, is impatient for "the breaking of the ice",

eager to push northward to ply his trade. An Alaskan skipper has devised an ingenious scheme for breaking up the ice and penetrating the Yukon country far earlier than nature would normally permit.

Last spring Captain Wheeler was faced with the usual ice barrier that delayed his shipping operations each year until late spring and often early summer. He conceived the idea of increasing the heat-power of the sun. A law in physics tells us that black absorbs the sun's rays and holds the heat. This was not merely a law in physics to Captain Wheeler—it was a practical force offering a solution to his biggest problem. Across the surface of Lake La Barge, where his river boat was moored, to the headwaters of the Yukon Captain Wheeler painted a strip of lampblack and thinned refuse oil twenty-nine miles long and forty feet wide. Within a month the blackened strip had cut itself a foot deep channel. Persistently the black belt ate its way deeper into the ice—and when the spring flood came in the Yukon River the lake channel was clear. Sailings from White Horse to Dawson and down river points were thirty days earlier than usual. And Captain Wheeler added much to his summer earnings. This year 100 barrels of old crankcase oil and 1,000 pounds of lampblack were unloaded for Captain Wheeler. Last spring all the work was done by brooms and wooden buckets—this year a small tractor will drag a force sprayer behind it, covering the ice with the black mixture.

The mental versatility of the Alaskan skipper is of the highest calibre. Probably not one in ten thousand would have invented such a satisfactory solution to this problem. Yet Captain Wheeler merely used common sense in finding an answer to his difficulty. Captain Wheeler's striking procedure has a close parallel in business.

Business has its winters also when its rivers of production, distribution and consumption freeze enough to prevent a swift, flowing current. During an unusually bad depression the ice in business rivers may be two or three feet thick, thus permitting only a slow moving current far beneath the surface. Spring always sets in to break up the

winter ice, but if spring is a month late the entire business world is placed at a vast disadvantage. When the winter of poor business conditions is faced with a late spring, credit relief, judiciously applied over the frozen surface, will eat a channel through the ice just as the black strip painted by Captain Wheeler ate its way into a channel.

The general business revival has been faster than actual conditions really warrant. One of the major reasons for this is the ease of money and the soundness of our credit situation. While collections throughout the country have been slow, there has been a satisfactory gain in consumer sales. The credit executives of the country are the men behind the business revival. With prospects of a late business spring they have painted a strip of credit relief over the frozen surface and melted a channel that is rapidly widening into the normal river of business.



Build Close to Vesuvius

HOW CAN A MAN reap the richest and fullest rewards from life? Nietzsche, the philosopher, advised that to reap the richest rewards from life one should "live dangerously, build close to Vesuvius." In this statement of Nietzsche we

find the embodiment of one of the basic qualities of success. Can you "build close to Vesuvius?" If so, you can probably build anything else you want in life.

"Building close to Vesuvius" implies, simply, assuming responsibility for risk. In manual labor, in the trades and professions, in the executive and administrative stratum, men are paid, with few exceptions, according to the risks for which they are responsible. The pay of the steel structural worker increases as his working distance above the ground increases. Interest is high if the risk in the investment is above the average. Salary doubles as the executive's risk-responsibility is enlarged. The nature of risks is the basis for insurance premiums. The nature and degree of risk is largely the basis for the premiums we get from our work in life.

Risk must not be interpreted as daredevilry, foolhardiness or sensational invitation to danger. The man is a fool who takes a risk that he is not prepared to meet. Risk-takers are paid high premiums, not as generally supposed because they take the risk, but essentially because *they are prepared* to take risk where others are not.

In business today the credit executive is one of the exceptions who is not paid according to the risk he takes. The sales department brings in the orders. The risk of payment and profit in every credit order is assumed by the credit executive. The official who assumes the risk of investing a million dollars in securities for his company or for his company's expansion does not, as a rule, have a greater responsibility than the executive who shoulders the credit risks involved in a million dollars of sales. Yet the remuneration for the credit executive's "risk-taking" is often four or five times less than that of the official in charge of investments or the official who spends money for expansion. Business in its rapid growth and development has been sales-minded and volume-minded, recognizing a hundred thousand dollar increase in sales as a more significant accomplishment than a hundred thousand dollars saved through efficient credit administration.

Credit executives throughout the country are "building closer to Vesuvius" than the average of executives in other phases of business, yet the premiums paid for this risk-taking are wholly out of proportion with the compensation given in even less responsible positions. The situation almost seems to demand the Wendell Phillips type of oratory. The meek may inherit the earth but the man who "builds close to Vesuvius" should inherit the rewards that the actual facts justify, irrespective of accepted interpretation and custom.



....

Martingale Infaillible

CHARACTERISTIC TO OLD French gambling customs was the *martingale infaillible*—an infallible method for winning. There was one particular game which most gamblers believed to hold this positive promise of winning. Yet there were as few "wins" on

the *martingale infaillible* as on the roulette wheel. There was some point, or points, wherein the infallible failed.

There seems to be no *martingale infaillible* for any particular phase of life or business. It stands to reason that one should win success if he follows cardinal principles and fundamental truths! Many adhere rigidly to this program yet never seem to realize their goal. There is a great X, an unknown quantity of conditions and circumstances, that may interpose and summarily precipitate failure in even the soundest development and progress. The man

who has an infallible method for winning must have conditions and circumstances on his side.

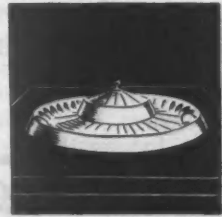
Throughout the country are hundreds of retailers who are conducting their businesses according to the soundest principles and yet who are unable to make a substantial profit and pay their bills because of adverse conditions over which they have no control. A large converter and distributor of silks in Cincinnati has reported a case to CREDIT MONTHLY that will illustrate the conditions that many retailers face. The owner of a general store in Arkansas wrote to the creditor silk company of Cincinnati, stating:

"Everything in the store is carried in full view of all customers. The entire stock consists of popular priced merchandise, bought from the leading wholesalers, manufacturers and jobbers of the country. Business was satisfactory in every way until November 1, when the slump hit the entire country, my town receiving more than her share of the depression, because two of the largest stores went out of business throwing one hundred and fifty thousand dollars worth of merchandise on the market at forty to fifty cents on the dollar. This caused another store to go into the hands of a receiver, with another large sacrifice of merchandise. Another large department store, The _____, burned out, throwing an additional \$7,000 worth of merchandise on the market. There were two other failures, which I figure, made a total of \$250,000 worth of merchandise slaughtered here in the past ninety days, bringing business for other merchants to a standstill."

In another letter this merchant said: "There have been sixteen failures in this town since 1926 and every man of them is in business here today. There have been six burnouts and everyone has been in a dull season and everyone has come back with a larger stock than before. It at least looks like they are trying to take the easy way of making money."

Distressed and slaughtered merchandise has worked havoc with hundreds of deserving retailers throughout the country. The Cincinnati company, in its letter to CREDIT MONTHLY, said, "We might say that Mr. _____ discounted practically 80% of his fall bill. There is a balance of about 20% still open, which he is taking care of by payments on account as best he can under present conditions."

Perhaps you are faced with a similar problem. Your retailers are thoroughly honest and good business men, yet through such conditions over which they have no control they are unable to pay their bills. Is there any means of preventing the merchant who gluts the market with distressed merchandise from repeating the same commercial crime? Do you study carefully situations of this kind before you extend credit? Is there a *martingale infaillible* for the progressive retailer who is severely handicapped by distressed merchandise? Write to CREDIT MONTHLY what you think of this situation and possible remedies for it.



• We are Invited to the DALLAS CONVENTION...

AND we not only have accepted the invitation, but have agreed to make a demonstration of coördinated communications during which messages will be sent from the National Credit Men's Association to similar organizations throughout the world, bringing the replies back to the convention platform to be read before the assembled delegates.

Trans-Atlantic, Central and South American, and trans-Pacific cable terminals will be connected by direct wire to the typing telegraph equipment installed in the ballroom of the Baker Hotel. Other direct wires will connect with Mackay Radio on the Atlantic and Pacific coasts.

A large electrical map will show, by flashing lights, the approximate course of each message and reply.

You will see greetings dispatched to London, Havana, Buenos Aires, Honolulu, to ten important cities in the United States, and to ships in the Atlantic and Pacific.

By telegraph land lines, trans-oceanic cables and radio, delegates to the Dallas Convention will be in almost immediate communication with the entire world.

An interesting feature of the demonstration will be the completion, within a few minutes' time, of a nation-wide survey on business and credit conditions.

Postal Telegraph, as part of the great International System—the largest American-owned communications system in the world—is proud of the opportunity to make this demonstration before the credit men of the United States.

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CREDIT MONTHLY

When you acknowledge good Postal Service please mention Credit Monthly

Building—

Our National Yardstick

By IRWIN S. CHANIN

President of the Chanin Construction Company



Mr. Irwin S. Chanin with a rivet gun in hand during construction work on Chanin building

Meet the Chanins!

BEFORE reading this article you will probably enjoy meeting the Chanin brothers. In less than a decade Irwin S. Chanin and Henry I. Chanin have written their names across the skyline of Greater New York. In 1919 they were two ex-soldiers just returned from the World War and it was with difficulty that they were able to secure the financial backing with which to build two modest frame dwellings in an outlying Brooklyn suburb. In 1929 they had to their credit the 56-story Chanin Building, the 30-story Hotel Lincoln, tallest hotel in the Times Square district and the Roxy Theatre, largest motion picture theatre in the world and were nationally known figures not only as builders but also as successful operators of theatres, hotels, office buildings and apartment houses.

The Chanin exploits of the past few years have been so important and of such magnitude that the announcement of a new Chanin enterprise has become not only a matter of news in New York City where all of their building operations have been centred but also is considered of such news value by the various press associations that it is telegraphed to all parts of America.

Irwin S. Chanin, who is the head of the Chanin organization is an engineer and architect, having been graduated from Cooper Institute in New York in 1915.

■ Is building our basic industry? Why? How is building credit financed? Mr. Chanin answers these and many other significant questions in this timely article.

THE building industry has become the master yardstick with which we gauge not only our national growth but also the degree of our country's prosperity. The volume of construction under way has become more significant than data on car loadings, bank clearings, unfilled steel orders and postal receipts in determining the state of the nation. Each year as our buildings become more complex, utilizing a greater variety as well as a greater volume of materials and equipment, a larger proportion of the total earnings of labor and industry are dependent upon building.

A year or two ago the organization of which I am the head, tossed a 56-story office building into the puddle of New York construction. The ripples from that single operation among other places were felt in the Pittsburgh steel district, the brick plants of the Hudson Valley, the limestone districts of Indiana and Kentucky, the marble quarries of Belgium, Italy and Algeria, the glass works of France and the forests of Brazil and the Dutch East Indies. The number and variety of trades and professions which had a part in the creation of this one building from the time the raw materials were discovered in mine, quarry or jungle until they were fashioned, transported and put to their given uses in New York is staggering to the imagination.

Building has become our basic in-

"NEW YORK--CITY OF OPPORTUNITY" is the architectural theme of the new 56-story Chanin Building, Forty-second Street and Lexington Avenue, New York City. Two series of sculptures, located in hall entrances, tell the story of the great city in which it is possible for a man to rise from obscure beginnings by the sheer power of his own mind and hands.

ENLIGHTENMENT: a crouched figure faces the sun, symbol of all light, whether mental or physical. In its attitude of search for light the beginnings of mental activity are indicated. Ideas are sparkling and numerous, actual accomplishments are few.

VISION: a seated, meditative figure, sobered by the responsibilities of life, is surrounded by an ever-widening scroll, representing the unfolding of ideas and the development of latent abilities in certain lines.

dustry because it is the prerequisite to the fulfillment of all of the needs of modern life. Before the Italian marble which we employed in the corridors of our building could reach the seaport, railways or improved highways had to be built. Shipyards had to be erected before vessels could be fabricated in which to bring it overseas. Of all humankind only the primitive man living in the shelter of a rock or cave and eating his food as he finds it is independent of this great industry.

Like other lines of activity, building has become a big business not only in the aggregate but in the enormity of individual operations. At present this is true principally in our larger cities but it seems probable that the building industry will continue to concentrate and consolidate until it is almost entirely in the hands of a comparatively small number of organizations much as the steel industry, the automobile industry and the tobacco industry are now grouped.

ACTIVITY: the figure carries a spear at the charge. Muscular lines all parallel to the line of the spear attest to unity of effort.

EFFORT: the figure, superbly muscled, is in such an attitude that opposing forces either can be repelled or stationary objects can be torn or thrust apart as the individual struggles towards its goal.

Enlightenment



There is good reason for believing that the principles of mass production can be applied as successfully to building with the same advantage of price and quality to the consumer as in the quantity production of automobiles or safety razors. At present, New York City, home of our greatest skyscrapers, has produced only a few operations valued at more than \$10,000,000. There is no sound reason why the \$100,000,000 operation will not appear on the scene in the next few years. The first man or organization to sponsor a \$100,000,000 project will have the means to command the services of the

The evolution of a Vision



best architectural and engineering brains in the country, and while such men earn large fees, the planning and engineering supervision of a \$100,000,000 operation will be but a fraction of the cost of architectural and engineering service for ten present-day buildings costing about \$10,000,000 each. The firm with an order for 100,000 to 150,000 tons of structural steel to be delivered for one job certainly will command prices which will not be given the builder ordering 10,000 to 15,000 tons of steel for one of our present-day skyscrapers of forty or fifty stories. The economies of mass production are as

The evolution of the

Activity



Effort



mind bent on achievement

Courage



Achievement



The two series of sculptures illustrated on these pages are also symbolic of the career of the Chanin brothers, whose achievements range from the \$7,000 frame building in Brooklyn, their first enterprise, to the \$15,000,000 Chanin Building, recently completed.

COURAGE: A figure pushes with open hands against a barrier of sharp points. Ability is as much a matter of courage to combat intolerance, poverty, lack of understanding and discouragement as of fitness for the work in hand.

ACHIEVEMENT: a standing figure holds a perfect sphere, symbol of triumph or of completed work. Sunrays from the sphere indicate that this achievement has in turn become a source of enlightenment to others.

evident in the building field as in any other line of industrial endeavor.

The problem of building credit increases in complexity with the growth of the industry. The vast amount of capital required for even a single metropolitan building has made it impossible for the builder to obtain his money from one individual or even one group of individuals. Building money must come from huge organizations such as savings banks and life insurance companies which have funds held under what amounts to trust conditions and which are bound by law and by public responsibility to investments as secure

as it is humanly possible to make them. Or it must come from vast numbers of individuals, none of them able to finance even a modest enterprise but capable in the aggregate of providing the funds for stupendous undertakings. It is the literal truth that the money which built most of the present great skyscrapers in New York came from the \$100, \$500 and \$1,000 investors of almost every city, hamlet and cross roads from Augusta to San Diego and from Walla Walla to Miami Beach. About seven hundred investors, it is estimated own each \$1,000,000 worth of first mortgage bonds written on the

average New York building.

More than forty years ago, New York buildings began to be financed through the sale of first mortgage bonds issued in small denominations and sold over the country through persistent appeal in local newspapers and in educational and religious publications. The firm of S. W. Straus & Company which now has its main offices in New York, probably the pioneer in this field, originated the first mortgage bond as we now know it in Chicago. In late years the widespread sale of securities on New York buildings and real estate through organizations of this class have found a very important aid to public confidence in disposing of their bonds, and that is the public imagination. The very magnitude of a New York building operation appeals to the public mind. It is a much easier task to sell John Smith of Duluth, Minnesota, \$1,000 worth of first mortgage bonds on a \$10,000,000 office building of fifty stories than \$1,000 worth of bonds on

physical side of success

Endurance



Success



ENDURANCE: a modernistic Atlas supports a tremendous weight upon shoulders of magnificent proportions. The lines of the muscles indicate that the individual is supporting the weight and is not being crushed by it.

SUCCESS: an erect figure stands in an attitude of exaltation. The bodily lines indicate that while the individual is conscious of its power all strains and all burdens have been cast aside.

a ten-story office building costing \$1,000,000. As building operations become greater and are publicized in all parts of the country after the old American custom of exalting that which is already great, building securities may be expected to take rank after municipal and state bonds as the form of investment in which the investing public will have the greatest degree of confidence.

For the past two years the financing of new construction, particularly in New York, has been interrupted by the activity of the stock market. This abnormal period divided itself into three phases. In the progress back to normalcy it now seems that we are well on our way through the third phase. It must be admitted that this two-year period will have justified itself in the comparative stability which it will afford the building field for some years to come—at least until some of the sting of November and December of 1929 is forgotten.

The first phase in the interruption of the flow of money into the building field made its appearance when small investors throughout the country as well as in the large centres began to divert their accumulations into the stock market instead of continuing to absorb fixed-income real estate securities. This

was felt not only through the houses who experienced greater difficulty in moving their bond issues but also through savings banks. The savings banks always have been important buyers of real estate mortgages. Their purchasing power diminished as funds were withdrawn for stock speculation.

The second phase of the money stringency came with the break in the market. Life insurance companies, like savings banks, were large investors in real estate mortgages. Suddenly they were called upon to loan money to speculating policy holders who were caught in the maelstrom.

The third and final phase is the recovery, as the "burned children" either repay life insurance borrowings, again accumulate money in the savings banks or return directly to the market as the purchasers of real estate securities. The stability of our present real estate and building financing system has been amply demonstrated by the manner in which mortgages and mortgage bonds maintained their position in a world of crashing values.

A study of the business fatalities of the past decade which have resulted from unpredictable inventions or changes in the manners and customs of life lends strength to the belief that building, because of the stability and

permanence of the industry, will continue to attract conservative investors and will enjoy comparative ease of credit through the years to come. An ice-manufacturing company, by way of example, has maintained large space in a certain office building for its executive and administrative offices for a period of years. Now it is forced out of business by the unpredictable development of mechanical refrigeration. Its securities lose their value and its machinery and equipment go to the junk man. But the offices which it has occupied, or their equivalent, are taken over by the mechanical refrigeration organization which killed it. On the other hand, radio and aviation, two new industries which disturb little that is older in human experience, spring into being and the building industry finds new employment and new prosperity in providing earthly homes for these giants of the air.

As the building and construction curve swings upward to new heights, the industry becomes imbedded deeper and firmer into the economic and social strata of our daily lives. This is why the man who understands the major trends in building and construction has an invaluable background for sound decisions and judicious administrative acts.

The new skyline of midtown New York, showing the Chanin Building (with flag flying), the Chrysler Building, with its tower in process of construction, and the Daily News Building in the foreground at the right.

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Master Builders

of the Ages

MASTER builders to God were the men who started building the tower of Babel into the clouds. Today their titan labors are hidden in the dim twilights of the past. Master builders to superstition were the Egyptian Kings who erected the pyramids of Gizeh. Today their mysterious tombs are a challenge to science and to understanding. Master builders to mythology were the Greeks and Romans with their Parthenon and Pantheon. Today these ruined temples are graven reminders of "the glory that was Greece and the grandeur that was Rome."

Fifteen centuries pass.

Down through these centuries have passed the master builders in stately pageant—builders of massive, turreted castles, builders of spired cathedrals, builders of magnificent Taj Mahals, builders of domed and marbled edifices.

And so we come down to the present, standing on the threshold of today, ready to stride out into the panorama of tomorrow. Before us looms the modern horizon with its cordillera of towering buildings. It is the age of the greatest master builders of all times—master builders to the sky and to progress.

Construction is the basic industry of our nation. Its product value ranks above the automobile industry, the largest branch of manufacturing, and considerably above railway operating receipts. Construction affects the manufacturing trades, the retail trades, the banking and security interests and the individual incomes of more of our people than any other single industry.

Approximately six million men are engaged in our vast building programs. The construction program for 1930 is estimated by the F. W. Dodge Corporation at eight billions

of dollars, a conservative estimate.

Dr. Julius Klein, Assistant Secretary of Commerce, in a radio speech on April 6, estimated the 1930 building figures at eleven billion dollars. When 1930 dawns over the business world the construction volume is almost certain to total a figure that is somewhere between eight and eleven billions of dollars. The nearer this figure approaches eleven billions the more prosperous the year will have been.

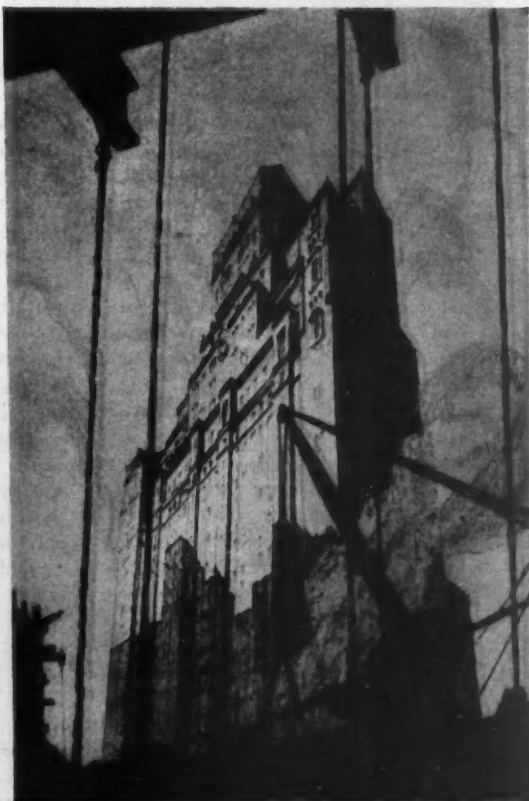
Lumber, stone, clay, glass, cement, concrete products, bricks, structural steel and plumbing supplies all roll along on the huge assembly belt from which comes the building and con-

struction of the nation. Transportation is the motive power behind this huge assembly belt and is, of course, affected in direct ratio to the amount of materials used.

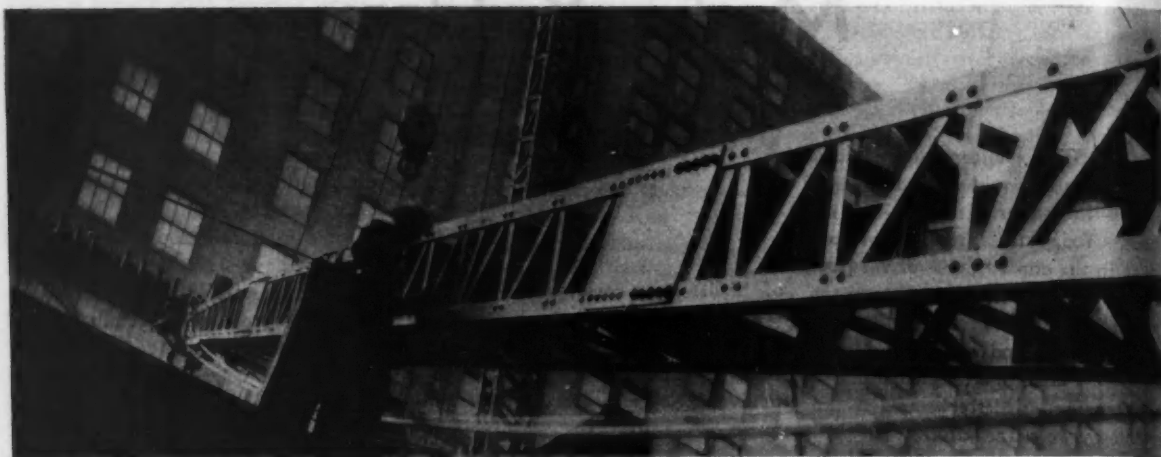
If living standards are to improve, expansion programs in building and construction are absolutely necessary. Variation in construction activity affects not alone business and industry but also progress in standards of individual living. Individual happiness depends upon the character of the homes in which we live, the buildings in which we work and the way in which we are served by water, gas, electricity, streets and roads. The ideal of civilization is the greatest amount of individual happiness among the greatest number of our people. And building and construction, considered in the broad sense, react upon the attainment of this ideal more than any other single material force.

The million and a half increase in population each year requires expansion in building. Construction activity is measured in terms of employment of men, utilization of equipment and consumption of material. And our economic progress hinges upon this activity.

The etching by Gerald K. Geerlings, reproduced on the cover and on this page, symbolizes the giant monuments of a new age. Above us lifts the skyscraper reaching heights untouched before by any man-made structure. We see the unity of steel and stone and mortar but we often forget that behind this temple of commerce is the hand that lays the brick, the hand that drafts the blueprints, the hand that gestures in command. These hands mold the destinies of our daily lives—they crystallize from steel and stone and mortar the dreams of the master builders to the sky.



An Industry Awakens



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ONE of the most significant movements in American business is the current awakening of the entire building industry to a recognition of a sound credit structure as a factor essential to its prosperity. It is significant because this industry is our second largest business; because it maintains a strategic position as a second line of defense, always ready to halt any marked retrograde movement in industrial activity; and, most important, conditions in the building industry have been such for years that it is almost a non-profit enterprise.

When an investment of many billions of dollars fails to return a reasonable profit even though that investment is directed intelligently and skillfully, a serious disorder is evident. This condition exists today and has existed for some years in the field of construction, a fact which can readily be substantiated by governmental statistics or the most casual inquiry. The reason for this untoward condition was not hard to find—it was clearly due to a general misuse of credit.

After years of profitless effort, every constituent factor in the industry is now thoroughly aroused to the necessity of applying corrective measures. The result is an awakened interest in credit unparalleled in the history of any great business. Under present conditions, efficiency and responsibility are penalized, while a premium is given to the irresponsible and incapable. This tendency, unless checked, is recognized as leading to

disruption of the industry and utter ruin for its most competent members.

Since credit, like medicine, does not lack in "quack" practitioners, there have been a number who, for a consideration, were prepared to prescribe for the ailment and supervise the administration of the remedy. On the other hand, Dr. Glenn Frank says that we are, as a nation, "patent-medicine minded", so it is not surprising that these "sure cures" found many devotees among those who have given little penetrating thought to credit.

The most popular of these remedies—and, unfortunately, the one most complacently inconsiderate of the very nature of credit, as well as fraught with the most danger to the credit profession—is centered around a species of pseudo-credit mechanics commonly called the "automatic cut-off." It is reminiscent of the days—therapeutically speaking—when medicines containing opiates were popular for crying children. Under this treatment, the credit pain is apparently quickly eased. Those who prescribe are seemingly care little if new ills, in startling number, result from this pitiful violation of the very nature and heart of credit. If judgment be removed, if the human element be eliminated, then credit management becomes merely mechanical and the credit executive a robot. That creative power residing in true credit appraisal, to which is largely due our astounding business and finan-

■ In this article L. I. MacQueen, Executive Manager, Credit Association of Western Pennsylvania, points out inherent weaknesses in the building industry and explains how they may be remedied through the Central Co-operative Credit Control Plan.

cial growth, is destroyed or made infertile.

After the most exhaustive study of the credit problem presented in the building industry, the National Association of Credit Men have prepared and are rapidly putting into operation a program which, since it recognizes the causes of the condition and prizes ultimate results rather than immediate effect, should restore the industry to business health.

This program recognizes the fundamental unity of the building industry and the necessary interdependence of all of the factors participating in it. It is worthy of remark that at no previous time has so ambitious an effort been put forth to bind into one unified, centralized whole the credit interests of the supply and contracting groups as well as the financial interests. Perhaps the chaotic conditions now prevalent are due in large measure to the persistence of the "air-tight compartment" idea of credit which has brought into being innumerable Credit Bureaus, unintegrated and devoted to the service of some particular factor in the industry.

The Association program makes a further advance in that it is national in scope.

A feature of the utmost importance—most unaccountably overlooked heretofore—is to be found in the careful provisions made to serve the numerous sub-contracting groups with definite and complete credit information. In this respect, the Association program is distinctively constructive and meets a positive need. Just how this sub-contracting group were, in the past, expected to continue in the prompt liquidation of their accounts when no satisfactory source of credit information whatsoever had been made available is hard to understand. Certainly it is hardly in keeping with modern ideas of business service for a group of sellers to discontinue the credit privilege to buyers who fail to pay within a specified time if the buyers have no effective channels through which to protect themselves against the freezing of their own assets or their complete wastage. Such procedure is simply destructive and should, with justice, be termed economically unsound as well as un-American in spirit. It should be to the lasting credit of the National Association of Credit Men that they, first of all, have made provision to remedy this vital weakness in the building industry and in so doing have contributed substantially to the possible future profits of all at interest.

The objectives toward which the Association program for credit control in the Building Industry is pointed are two-fold. First, through the dissemination of specific information not previously organized or fully available, it is expected to produce a much needed stabilization of profits. This will be accomplished in large measure through the self-elimination of the financially irresponsible as well as of those factors who do not know or feel any interest in their cost of operation. This process of self-elimination of the undesirables will also be hastened by the closer co-operation of the buying and selling groups in the industry, made practicable through our credit control program.

The second objective of the program, the prevention of the huge credit losses now being suffered, can confidently be anticipated just in proportion to the measure of intelligent use which will be made of the more complete credit data which are being placed at the disposal of the industry.

These credit data are developed to cover the man, the specific job and the industry. Naturally, Credit Interchange service, with its splendid national clearance, forms the keystone of the program. Through it, the credit worthiness of any operator in the industry will be clearly revealed. Due

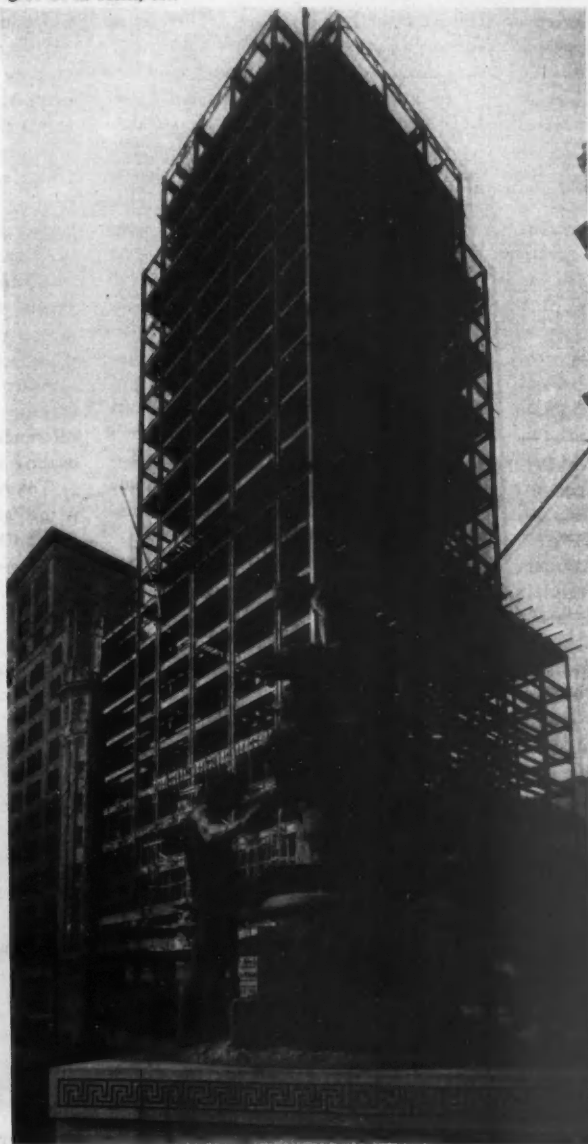
to the highly speculative elements inherent in all contracting, the evidence of managerial ability and paying habits revealed in an Interchange clearance makes this a singularly valuable guide for all selling to the industry. In no other field, perhaps, is current information more absolutely essential.

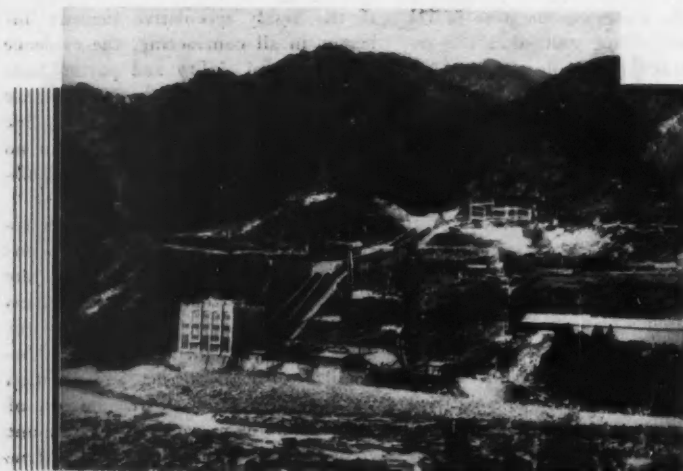
The second step in protecting the receivables of the industry is the "construction report"—a full and accurate review of all important information connected with any building project upon which data may be sought. Beginning with the owner and location of the job, it indicates the amount of the successful, as well as the amount of the unsuccessful bids. This is true for the general contractor and sub-contractors involved—a most valuable contribution toward stabilization. Included also are an experience record for the general contractor, a report on the property upon which the building is to be erected, the amount and scope of the bond, if any, together with many other facts of vital importance from the credit point of view. This "construction report," available alike to supply houses, bonding companies, mortgage concerns and sub-contractors, immediately demonstrates its value as a curb to speculative builders who lack financial responsibility or the proper background of experience. Through it, subcontractors may determine when and under what conditions to bid, thereby saving much loss of effort and money. As they observe the comparative bids as shown, supply houses receive in advance warning of error or ignorance in the preparation of the estimates, and may be guided accordingly. Other and equally important uses which a report of this character will serve must be apparent to all familiar with construction.

The third phase of the Association program is known as the "Credit period" report or Industry Survey. Each separate group selects a "credit pe-

(Continued on page 39)

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Development of the Kiso River Power System at Yomikaki

SALESMANSHIP is perhaps easier in Japan than anywhere else, particularly if the salesman is a foreign resident or a visitor to the Land of Cherry Blossoms. With him the average Japanese merchant or dealer considers it part of courtesy not to let him go without an order, be it small or large. This same courtesy does not extend to the matter of payment, at least, to the same degree, and while it is easy to sell in Japan, it is much more difficult to collect payment. A survey of the more important credit risks this market holds will enable the business man to form a clear view of the credit risks involved when dealing with the Japanese and how to overcome them.

The Japanese resident in this or any other country but his own quickly adopts and adapts himself to the commercial practices current in the country of residence. Both in business and in social life he sheds his Oriental mask, and he becomes a Westerner. With him the credit risk is no greater and should be handled in the same manner as with other people, and one can rely on the average Japanese resident to "play the game" and act as a gentleman.

During recent years there has been, and still continues to be, a greater tendency to do more direct business between Japanese and Westerners (as opposed to Orientals). This is all to the good in so far as wide and quick distribution of goods and prices are concerned. But it has brought to the fore the matter of credit risk to an ever larger degree. There must be very many firms indeed receiving offers from Japanese merchants in Tokyo, Yokohama, Osaka, Kobe, and other important industrial cities in Japan for

direct buying and selling. There is no reason whatsoever why such direct trading should not be encouraged, provided it is done in the proper manner. But no such business should be undertaken or even considered unless the order is accompanied by an Irrevocable Letter of Credit opened in the shipper's or supplier's favor through a reputable Bank. The business man need not fear that such a conservative attitude will lead to loss of the business, for the Japanese is, naturally eager to get the easiest terms he can, and will do his best to get them. Given the right goods and attractive prices, the bona fide Japanese buyer will agree to one's terms, and even if he is not in a position to arrange the necessary finance himself, he will find someone to do this for him.

In the case of merchandise such as

Is Japan A

proprietary lines, foodstuffs, and some others, it is not always practicable nor to the best advantage to sell only on a direct basis; it may be necessary to keep stocks in Japan. The credit risk when selling by means of stocks or consignments entrusted in the hands of a Japanese is by no means light. It is apt to move as the barometer, all according to the state of the market, the prosperity of the merchant in whose hands they have been entrusted, and his attitude towards the foreign supplier. Unless satisfactory guarantees are forthcoming, such a credit risk is not worth taking in Japan, and there is really no need for one to take it.

When stocks have to be kept in Japan, one's best course is to appoint as a representative a foreign firm already established in that country and familiar with the commercial practices of the country. Given satisfactory references, the credit risk entailed when dealing with foreign firms in such cities as Tokyo, Yokohama, Osaka, and Kobe is no greater than in America. No foreign firm out East can afford to take the slightest risk in dishonest dealings,



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The Industrial Activity of Osaka Centers Around Its Harbor

Good Credit Risk?

BY WALTER BUCHLER, who has had many years of actual business experience in the Orient. He has written many articles on economic subjects for American and European business publications.

as any such reputation soon destroys its credit both with the foreign community and with the Japanese themselves; and news travels quickly out in the Orient.

As there are a limited number of foreign firms established in Japan with a limited capacity to handle agencies and at the same time do full justice to all of them, it is sometimes necessary to have Japanese houses to act as one's agents. In this case, the credit risk can be greatly diminished, if not entirely eliminated, by maintaining a foreign representative in Japan to safeguard one's interests. Such a course does pay in Japan, for not only can a foreign representative materially help to develop sales but he can also help the Japanese agents to get more business and collect accounts when due.

To understand this situation it is necessary to know some details of methods of payment among the Japanese themselves and between foreigners and Japanese in Japan. The custom of giving Promissory Notes (usually 60 or 90 days date) is perhaps nowhere more general than in Japan. If a dealer finds that he cannot pay on due date, he asks for an extension, and there is no alternative but to grant his request, for otherwise he merely dishonors his note without considering it a disgrace or blot on his good name. In many cases one must see that the merchandise sold to him does not lie idle and if he requires assistance in selling goods or collecting accounts it must be given. This can be done by having one's representative accompany the Japanese when he visits customers and creditors, talking to them, being generally courteous and offering to be helpful in organizing sales

campaigns, collections, etc., for them.

Many foreign firms in Japan often relegate this task to a Japanese member of their organization, but from the writer's own experience, it is much better to have a Westerner do the selling and collecting of accounts or to help customers collect their accounts. The average Japanese will not refuse to meet the request, wholly or in part, of a foreign member of a firm as he feels honored by the visit, and would consider it discourteous to turn him away bluntly without at least giving him some satisfaction.

An actual instance in a very bad case will illustrate this. Two dealers in Fukuoka owed money for months, and neither letters, threats, nor calls from members of the Japanese staff of the Company could move them. The writer decided to make a sales and collection trip in their district, having them specially in mind. He was received most courteously and as if relations were of the best. After discuss-

ing general business for sometime, the matter of the outstanding account was mentioned. "Business is bad", "people owe us money", etc. were the excuses offered, but "as you have specially called, we will pay half and let you have a Promissory Note for the balance". The offer was accepted, the promissory note paid after one extension, and everybody was satisfied.

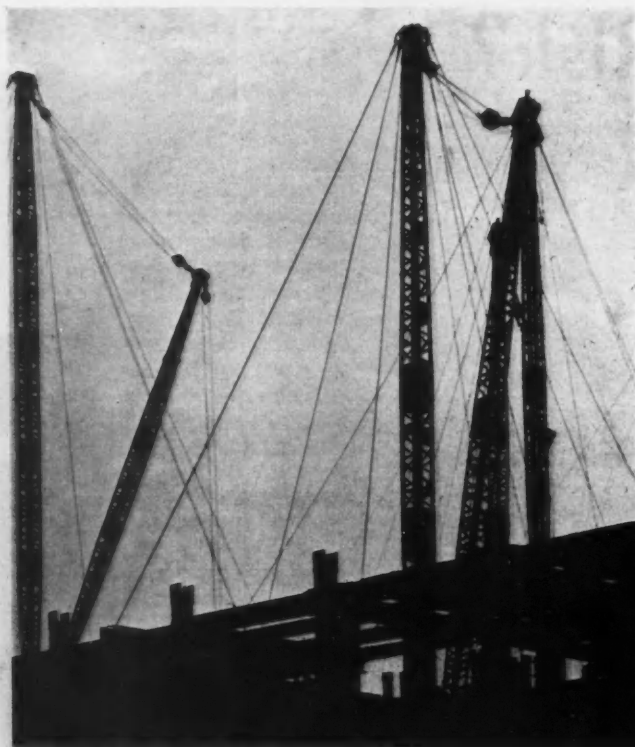
The other dealer offered a more difficult problem. He was obdurate, pleading bad business and offering many excuses for his failure to pay. Only after the following brief conversation was he moved to be more business-like and more friendly. I said: "Before leaving, just answer me two questions. We are wasting time and only becoming bad friends, which neither of us wish to do. Are you a gentleman, an honest man, or are you a 'dorobo' (thief)? If you are a gentleman, you will pay at least part of the money you owe; if you admit you are a 'dorobo', well, you may

(Continued on page 40)



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The Ginza, Tokyo's Main Street, is the Center of Retail Trade



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Building Construction

as a

Business Index

BY DR. STEPHEN I. MILLER

THIS index, like carloadings, is valuable as a measure of current business rather than a barometer indicating changes that are likely to occur in the future. As a measure of business it is particularly useful because the construction industry is such a large consumer of basic raw materials. The building across the street represents a quantity of tons of steel, brick, stone or concrete; an amount of lumber depending upon the type of structure; quantities of hardware, plumbing, heating and electrical supplies, glass, roofing materials and plaster. During the process of construction an army of trucks are bringing together these basic materials, that have been produced throughout a wide area. A hotel recently built in a leading city of the United States contained 412 carloads of furnishings and equipment, which included 400,000 pieces of linen; 85 miles of carpeting; six carloads of china; two cars of silverware; and 2900 beds. In the construction of another large skyscraper in the same city, there were used 13,500 tons of steel; 100,000 square feet of glass; 160,000 bags of cement weighing 14,500,000 lbs.; $5\frac{1}{2}$ million common brick, $1\frac{1}{2}$ million face brick—making 350 carloads; 5 million feet of telephone wire and one million feet of electric wire, and other than that used in the telephone systems. There were 85,000 feet of pipe for the heating system and 23,000 feet of brass pipe for the water system. Such a list of products is evidence of the close relation of this index to employment, carloadings and bank clearings.

Although building construction calls for vast amounts of raw materials every year, it does not add to the total of inventories except to the extent of the labor costs involved. It changes the form of inventories, rather than increasing their total.

New construction is always materially affected by changes in general business conditions. When prices are rising, building activities tend to slow down. When the business cycle curve is at or near the peak, the construction curve is likely to reach its lowest point. When prices fall, building starts up again, but here there is always a lag due to the uncertainty of builders as to whether or not the bottom level of prices has been reached.

Statistics on building construction are now somewhat more nearly adequate than they were a decade ago, but they are still far from satisfactory. Two of the most frequently used sources are Bradstreet's summary of building permits issued in 180 leading cities of the United States, and reports issued by the F. W. Dodge Corporation. Below is a table showing expenditures by groups of cities for February this year, and last, with percentages of gain or loss for February this year, as compared with January this year and February, 1929:

	February 1930	February 1929	Change p. ct. from	
			last year	last month
New England.....	\$5,445,152	\$6,304,263	D 13.6	D 1.1
Middle Atl.	33,170,191	123,993,673	D 73.2	D 11.5
Central West'n.	21,379,256	27,965,690	D 23.5	I 6.0
Northwestern	6,964,918	4,179,318	I 66.6	I 137.6
Southwestern	11,029,723	11,691,556	D 5.7	I 72.2
Southern	9,963,155	16,258,930	D 38.7	D 26.2
Pacific & M'T'n	15,492,359	23,064,635	D 32.8	D 28.3
Total U. S.	103,444,754	213,458,065	D 51.5	D 3.9
N. Y. City.....	23,759,871	106,296,295	D 77.6	D 19.7
Outside N. Y.	79,684,883	107,161,770	D 25.6	I 2.0
Canada	4,453,543	4,890,714	D 8.9	I 31.0

CREDIT MONTHLY

The Proposed Revision of the National Bankruptcy Act

BY COLONEL WILLIAM J. DONOVAN

Counsel to the Association of the Bar of the City of New York, the New York County Lawyers Association and the Bronx County Bar Association



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ON February 27, 1929, the Grand Jury in and for the Southern District of New York filed with the District Court a report and presentment that the administration of the Bankruptcy Law in the Southern District of New York had been characterized by serious abuses and malpractices upon the part of attorneys, receivers, trustees, appraisers, custodians, auctioneers and other persons, associations or corporations within and subject to the jurisdiction of the United States District Court.

The Association of the Bar of the City of New York, the New York County Lawyers' Association and the Bronx County Bar Association peti-

tioned the Federal Court to participate in the investigation, which had been instituted by the United States Attorney as the result of the Grand Jury presentment. These Associations were permitted to conduct the investigation, through their counsel, before the Honorable Thomas D. Thacher, Judge, United States District Court Southern District of New York, and such investigation was extended to the further purpose of securing remedial measures by rules of Court, standing orders, or otherwise.

Public and private hearings were conducted daily before Judge Thacher from June 27, 1929 to September 13, 1929. Over 1,000 court files of cases,

and some 4,000 witnesses were examined.

During the course of the investigation, we discovered many evidences of corruption in this city, such as embezzlement by attorneys of accounts receivable belonging to bankrupts' estates, the fraudulent alteration of bankrupts' records and schedules, and the inclusion of fictitious claims, the retention of dividend checks payable to creditors or the attorney for the creditors, the negligent handling of these dividend checks and the mingling of their proceeds with the attorneys' personal accounts, and collusion between attorneys and creditors. Receivers and trustees were found delinquent in their accounts. Little caution had been exercised in the employment of custodians.

In Six Different Cities

In an effort to ascertain the causes of these conditions and to what extent they were peculiar to this district, we undertook to study methods of administration on a national scale. With that in view, information was sought from judges, referees and attorneys in various parts of the country, including rural as well as urban sections, and members of the staff visited and studied conditions in six different cities. From the information obtained, we were brought to the conclusion that the fundamental defects in administration are not restricted to New York, but exist generally throughout the country.

Administration has become not only a burden to the Courts, but legalistic, long drawn out, expensive and uncoordinated. It has developed on the

part of business men an attitude towards the bankruptcy system of distrust and even disgust. The all-important fact is that the system was such as not only to facilitate, but to invite both inefficiency and corruption. The Judges were subjected to administrative burdens they could not carry. They have neither the time, the facilities nor the training to exercise the administrative duties which have been thrust upon them.

From 1925 to 1928 inclusive, there were nearly 200,000 bankruptcies, representing about twice the number of civil cases concluded in all the District and Circuit Courts of Appeals, and the assets realized were more than the total of all the judgments rendered by the District Courts in these cases. Nearly \$4,000,000,000 in claims over and above the dividends paid were wiped out in the last five years.

Enormous Economic Waste

This enormous economic waste called for serious national study. Members of my staff visited Canada and England and found that in those countries the return to creditors was far greater than here. In both these countries, bankrupts are not generally discharged unless their assets are worth fifty cents on the dollar. In this country, nearly two-thirds of all bankrupts come into Court without a penny for their creditors, but that does not affect their right to discharge. It is my considered opinion, which has been fortified by the views of those experienced in the working of the Act, that administration cannot be improved except by a fundamental change in the statute itself. That change must be in conformity with the principles embodied in the report filed by Counsel for the Bar Associations with Judge Thatcher, on March 22, 1930.

The following is a brief outline of the recommendations contained in that report:

1. The creation of the office of a permanent Federal Bankruptcy Commissioner, to be appointed, and subject to removal by the President, to be under the jurisdiction of an Executive Department of the Government, to have such assistants as might be necessary, and to be charged with the duty of licensing and supervising trustees in the principal city localities.

2. The immediate reference of each case to a Referee, and the appointment by him of a Trustee, licensed in the

■ Colonel Donovan will address the N. A. C. M. Convention at Dallas, Texas, and discuss in more detail the significance of the revision of the National Bankruptcy Act. Few matters are as close to the problems of the credit executive as bankruptcy legislation, which makes this article and the convention address of Colonel Donovan of utmost importance to the credit fraternity. Colonel Donovan, following his work in the U. S. Department of Justice was selected to conduct a comprehensive bankruptcy survey and investigation which would serve as a basis for revision of the present Act. This article gives Colonel Donovan's interpretation of the significant legal and economic facts disclosed by his investigation. Every credit executive should know these facts.

principal city localities, unlicensed elsewhere, who would have all the powers of a receiver prior to adjudication, to be vested with title as of the date of adjudication, and continue throughout unless removed by the Court or displaced by the creditors.

3. That the Trustee be paid a single fee at the close of the case, computed on a higher scale than at present, with a minimum fee of \$100.

4. That the creditors should be permitted, at the first meeting, provided a quorum of 25% in number of all the creditors is represented in person or by proxy, to displace the designated Trustee and elect a substitute Trustee, who should be another one of the licensed Trustees, where such were acting.

5. Permitting creditors at the first meeting to elect one or more but not exceeding five Inspectors in each case, with whose written consent, or that of a majority, the Trustee would be permitted to act without Court authority in the various matters now requiring such authority. In case of disagreement between the Inspectors and the Trustee, the matter should be submitted to and settled by the Court.

6. The period for filing claims should be reduced from six months after adjudication to three months from the date of the first meeting of creditors.

7. That in involuntary cases where a subpoena is served, the return day should be fixed at not less than five

nor more than fifteen days from the date of service, according to local rule, instead of the present maximum of fifteen days from the date of issuance; the debtor to file his answer on the return day instead of five days later.

8. That the Referee should be given original jurisdiction to pass on objections and to confirm the composition, subject in either case to a right of review to the Judge.

9. That General Order XLI and local rule 12, requiring numerous affidavits from bankrupts, attorneys, receivers, trustees and others, in composition matters, should be repealed.

10. That where the inventory of the bankrupt's assets discloses that the probable sales value is \$1,000 or less, the Referee should be permitted to authorize the Trustee to sell the physical assets at public auction in advance of the first meeting at such time and place and upon such notice to creditors, or without notice, as the Referee may direct.

11. That the receiver (or Trustee prior to adjudication if our recommendations are adopted) should be permitted in any case in which assets are located outside the district either to take possession of such assets or to petition for the appointment of an ancillary receiver in such district.

Unless there is such revision, we can see nothing but a continuance of the evils that manifest themselves not only in this district, but throughout the country.



Credit and Business in New Poland

An Interview with TYTUS FILIPOWICZ

Ambassador of Poland

By Chester H. McCall

UNDER the last thundering echoes of the Great War and the abortive revolutions that followed in its wake a new Poland was born. The world called the Polish Nation "New Poland". And in the ten years that have followed since the dawn of Polish unity Poland has kept "new". There is every indication that she will be eternally new—until, perhaps history permanently records the country as "New Poland".

One of the significant events in Poland's growth into a world power is the

elevation of her American Envoy to full Ambassadorial rank. On March 4, His Excellency, Tytus Filipowicz presented his credentials to President Hoover as the first Polish Ambassador at Washington. Before I interviewed Ambassador Filipowicz in Washington, I read as much about him as I could and learned that he was one of the strong individual contributing forces in the unification of the New Poland.

Why should American business men be particularly interested in Poland? Mr. Charles S. Dewey, formerly Assist-

ant Secretary of the U. S. Treasury, who has for more than two years been the American Financial Adviser to Poland, answers this question in part, in the following statement recently made:

"Because of Poland's geographical position, and because of her natural resources, and because there is a possibility of her becoming a distributing center for the near East and Central Europe, I believe that any American manufacturer, any owner of an industry, would be wise in considering the possibility of entering as a partner or purchasing a

part of the equity of a similar industry which he will find in Poland or Central Europe, because the day is coming when, owing to the more efficient methods of manufacture, these Central European countries are going to produce goods on a basis that will give us a great deal of competition and difficulty to meet.

"I think that today these factories would welcome us as co-partners, welcome the credit and money we would bring, welcome the help we would give, and as partners, we would take part in the profits of that company; whereas it may be difficult in the future for us to move our goods profitably over the high tariff walls and in the face of a European competition which is bound to exist."

Shortest Route Across Europe

There are other important factors besides those brought out by Mr. Dewey. The shortest practical commercial route across Europe is from the port of Gdynia, across Poland and through Roumania to the Roumanian port on the Black Sea. American business men within the next five or ten years must keep their fingers constantly on the pulse of the European market and Poland is certainly destined to be one of the main arteries. Important as these economic factors are, the American business and credit executive should be deeply interested in how Poland has built a country with a sound credit structure out of an inheritance of three bankrupt empires.

Before the War, the Polish Nation was divided in allegiance and territory between Russia, Germany and the Austro-Hungarian Empire. As an example of this lack of unity and conditions, we can take Poland in 1921 with prices in Warsaw, old Russian Poland, ten times those in Posen, in German Poland, and six times those in Cracow, the old Austrian Poland.

The problem of welding a democratic nation out of these three units was gigantic. Methods of local government administration, railway administration, commercial administration, food administration, education, and all affairs of social and business life were different in each of the three parts of Poland.

Out of this heterogeneity of people, customs, finances, training, and allegiances, the Polish leaders have formed a Nation that is coming to the forefront as a world power. Marshal Pilsudski is the outstanding leader in bringing independence and harmony to New Poland.

It would be difficult to find in American history a counterpart of the new Polish Ambassador. We would have to hark back to Revolutionary days to find a statesman and diplomat comparable to him in diversity and colorfulness of activities. His life has been filled with adventure, romance, hardships, defeats, and victories.

Ambassador Filipowicz was born in Warsaw, the present Polish capital, and educated as a mining engineer, which profession he followed for a time in the Polish coal fields. He early became an evangelist of Polish independence and unification and at the close of the Russo-Japanese War, accompanied Pilsudski to Japan in the interests of his country. On this trip he and Poland's iron Marshal crossed the United States together, gaining an early first-hand acquaintance with American institutions and ideas. Previous to the Japan mission, he studied at the School of Economics and Political Science of the University of London.

In 1911-12 he was a lecturer in history at the Cracow School of Political Science. During the years just preceding the World War he worked fervently as a Polish propagandist. Among the books and pamphlets he published around this period are "Political Dreams", "Problems of Progress", "Poland and Her Autonomy", and "Is a Constitutional Assembly Necessary in Warsaw?"

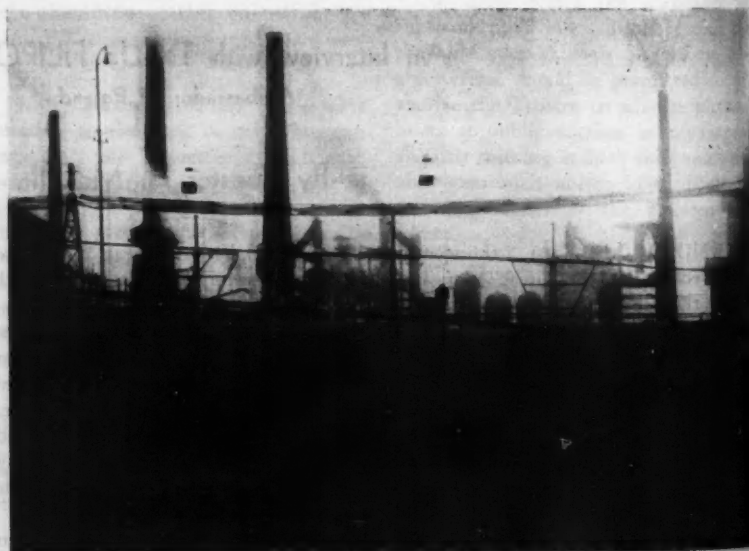
The new Ambassador has been in prison under both the Czarist and Bolshevik Russian Governments. During the short-lived revolution of 1905, he

was arrested and deported to northern Siberia, but with characteristic astuteness, he was able, after short imprisonment, to pass the guards and make his way again to England. In 1920, while heading a Polish mission to southern Caucasus, he fell into the hands of the Bolsheviks and spent several months as a prisoner, part of which time he was in the famous Butirki prison in Moscow.

At the outbreak of the War he enlisted in Pilsudski's Polish Legion; and when the beginning of an independent Polish Government was started in Warsaw, Filipowicz was sent to Vienna as the representative of the provisional Polish State Department. In 1918 he was again in Warsaw where he served as acting Minister of Foreign Affairs, signing with Marshal Pilsudski, the statement informing the countries of the world of the formation of an independent and unified Poland.

In 1921, after the Bolsheviks were driven from Warsaw, he went to Moscow as the chief of the first Polish diplomatic mission and the following year attended the Assembly of the League of Nations as the second ranking member of the Polish delegation. He has since served as Polish Minister to Finland and Belgium.

Ambassador Filipowicz has absorbed many fundamentals from the seething schools of Revolutions. Revolutionary leaders are always fond of saying that revolutions are schools in which learning is very rapid. I made this comment to His Excellency, and he answered, "I, myself, and the Polish people have



Courtesy, Poland American Chamber of Commerce
An industrial plant going full blast in Polish Upper Silesia

CREDIT MONTHLY

learned deep lessons from revolutions but in each case the lesson emphasized the superior importance of constructive over destructive work. We have also learned how to guard against the disrupting propaganda of radicals and reactionaries."

The Ambassador speaks English with ease and facility, having just enough accent to lend an unusually emphatic connotation to his words. As soon as I began to ask questions, whose answers I felt would interest the American business man, I saw that the Ambassador had anticipated the trend that the interview would take, and had prepared material which enabled him to give immediate and well thought out answers to my questions.

The first question I asked His Excellency was, "Will you please give me a general summary of the progress of Poland since the World War and of conditions as they now exist there?"

In a very concise manner, the Ambassador touched upon the high lights of Poland's progress and development, as follows:

"It is no exaggeration to say that within the last few years Poland has made tremendous progress on the road to financial and economic recovery.

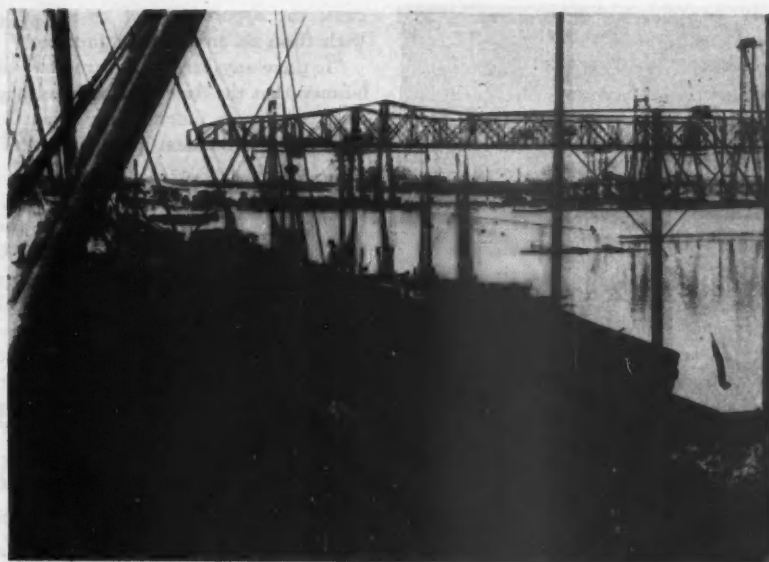
Stabilizing the Budget

"Poland's total foreign debt amounts today to \$420,000,000, and as a result of her acceptance of the Young plan and of direct agreements made with individual countries, her indebtedness per capita is, I believe, the lowest in the world. It is only \$15.00 in Poland, as compared with \$309.00 in Great Britain, \$230.00 in France and \$118.00 in Belgium.

"Polish currency which was originally based on the obligations of the German occupation authorities, obligations which, incidentally, have never been paid, has today a gold cover of 65 per cent.

"The stabilization of the budget and currency was effected by Poland's own resources—16 months before the Stabilization Loan was made and the Stabilization Plan adopted. Let us remember that other European countries had to enlist the aid of the League of Nations in order to straighten their finances.

"It is true that, as an aftermath of the financial reforms, a certain stringency of credit has been experienced. The general financial and economic depression prevalent in Europe has also had its effect in Poland. In addition, the reorganization of the Polish bank-



Courtesy, Poland American Chamber of Commerce

Gdynia, Poland's new seaport, a fishing village five years ago

ing system which is necessary in order to adapt it to the country's credit needs, has caused a further depression in the money market. But the Bank of Poland with the aid of its American adviser, Mr. Charles S. Dewey, is making strenuous efforts to remedy this situation. Individual wealth is steadily increasing. The total individual deposits in all banks were over 2600 million zlotys as of June 30th, 1929,—an increase of 38 per cent. since the beginning of 1928.

"Similarly, commerce and industry have made tremendous progress. Danzig, up to recently the only Polish port, had in 1913 a turnover of trade amounting to 2,112,000 tons; in 1928 the volume of trade passing through the port had increased to 8,616,000 tons. Today it is already found insufficient for Poland's needs and another port, Gdynia, is being built nearby. Five years ago, Gdynia was a fishermen's village; today it has 30,000 inhabitants and a trade turnover of over 2,000,000 tons.

"You are probably aware that the American Scantic Line was the first to establish regular steamer communication between the United States and Port of Gdynia. Thanks to the untiring efforts of the Line's President, Mr. Robert C. Lee, it is today possible to send goods from any railway station in Poland direct to any point in the United States.

"At the same time a Polish commercial fleet is being assembled rapidly, and only a few weeks ago a contract was signed by the Polish Government for the

purchase from the Baltic America Line of three large transatlantic steamers which will maintain a regular direct service between Poland and the United States.

"American business men were quick to realize the advantages of Poland as an investment field. The Harriman interests made large investments in Poland; a General Motors assembly plant has been in existence in Warsaw for the last two or three years and the Ford Motor Company's plant will soon begin operations in Gdynia.

"Recent telegraphic dispatches have brought the news that, after five years of negotiations a commercial treaty has been concluded between Poland and Germany. This will have a further beneficial effect on the financial and economic development of the country."

Doing Business with Poland

Next I asked Ambassador Filipowicz to enumerate some of the important points American business men should keep in mind when they do business, or contemplate business with Poland. He gave me extremely valuable information in answer to this question.

"It is much better to conduct all business through an agent or a branch office", he said. "It is advisable that if the agent does not speak Polish, he should speak German or Russian. It is better to have all correspondence in Polish or German. Some firms use French or English but they are in a minority and do not as a rule, get as good results. Any catalogs or adver-

tising literature that are printed, should be in Polish.

"Sales in the Polish market must, with a few exceptions, be conducted on a credit basis. One of the many functions of the agent is to determine the value of the credit risk. This supports the point that I have made regarding his familiarity with the languages. The only types of business conducted on a cash basis are transactions on certain raw materials and chemicals for which there is little competition. Poland is a highly competitive market and all goods placed there must conform with exactness to market requirements.

"The Polish Customs Tariff and the list of items for which import licenses are required, should be thoroughly studied before goods are shipped to prevent difficulties and delays that may take place upon arrival of the goods. The agent in Poland should see that all documents and bills are strictly in accordance with the Polish Law. This will prevent any misunderstandings that might arise in this connection.

"In considering the Polish market, the business man will recognize the fact that Poland must build itself into a great power as it is open on all flanks to potentially hostile countries. There are many promising openings for trade in Poland at the present time and any lack of success that may attend the traders from other countries is generally due to an ignorance of conditions of the Polish market and a failure to make use of available information.

"In considering the credit factors of Poland, it might be well to point out that one or two of the strongest countries in Europe, have raised large obstacles against the granting of long credits to Poland which in a measure are necessary at the present time.

"As a case in point we might take Great Britain. Many British financial institutions often refuse to consider any Polish acceptances which are not guaranteed by a bank. Cases have occurred in which Polish bills refused by a London Bank have been discounted in Germany, Vienna or Prague, after the orders had been given to foreign competitors, with the bills being discounted later at the same English bank which refused them in the first case.

"I think I have given you enough information to form a background for your business readers. When any of them begin actual operations they will, of course, want to go into the details of the entire situation very thoroughly. The Polish Embassy will always wel-

come the opportunity of co-operating with them on any of their problems."

"Is there any particular barometer of business that the American business man can study as an index to conditions in Poland?" was the next question I asked.

Study the Balance-Sheet

"Probably the balance-sheets of the Bank of Poland constitute an economic barometer. The balance of payments and the equilibrium of the budget will indicate the soundness with which Poland's finances are managed. Before Americans invest capital in Poland or carry on business and trade relations there, they are, of course, basically interested in the relative soundness of the country's financial structure. The balanced budget of the state reflects the balanced budget of the Polish family and the various items in the trade balance show that the needs of the population have been very well systematized. In these conditions the American business man will find real satisfaction.

"The preliminary budget for 1930 and 31 which is now before the Diet has expenditures estimated at 2,934,000,000 zlotys and an income from revenue at 2,934,000,000 zlotys. This excellent balance between revenue and expenditure has been a prominent characteristic of Poland's national finance for the last three years."

Co-operation is one of the prime essentials of American business and as I had heard there is a strong co-operative movement in Poland, I asked the Ambassador the extent to which co-operative organizations were prevalent in his country. He answered:

"On January 1, 1929, there were

just under 14,000 co-operative societies in Poland. Poland has a population of approximately 30,000,000 people, so you will realize the importance of the co-operative movement there. In just a moment I will give you the approximate number of the different kinds of co-operative societies we have."

The Ambassador referred to his files to get me the figures he mentioned, then continued.

"The co-operative societies are divided into the following types: Consumers, 5,342, Credit, 5,051, Dairy-farming, 1,472, Housing, 710, Agricultural and Trading, 471, and various others, about 1,000.

"You are probably particularly interested in the co-operative credit societies which accept savings from their members who in turn are able to obtain short-termed credits. By the figures, I see that from January 1, 1928, 16.1 per cent of the savings deposits in Poland were in these co-operative societies and that 18.7 per cent of the total of all short-termed credits were extended by the co-operative credit societies.

"An important development in the Polish co-operative societies is the audit union whose function is to exercise external control, as specified in articles of associations, over the co-operative societies, to which they issue instructions. They also defend the rights and assist in the development of the societies. The extent of the co-operative spirit in Poland offers an interesting parallel to the co-operation movements in America. I certainly believe that this is a noteworthy fact to American business men."

After the formal interview was com-

(Continued on page 41)



Courtesy, Poland American Chamber of Commerce

An experimental farm on the Lublin plateau, a region of great fertility

CREDIT MONTHLY

One of the biggest problems facing the automobile industry is an adequate method of forecasting that will maintain a proper balance between the number of cars produced and cars required for consumption. This article tells how General Motors meets this problem through

Scientific Production Control

BY DONALDSON BROWN

Vice-President and Chairman, Finance Committee,
General Motors Corporation



Mr. Brown succeeded John J. Ras-kob as Chairman of the General Motors Finance Committee. He is said to have one of the best co-ordinating and analytical minds in the field of finance.

MORE and more the automobile industry is coming to be recognized as a vital index to American industrial prosperity, and this recognition brings with it an added obligation and incentive to effect further improvements in the control of our operations along lines that will contribute towards an evening out of the peaks and valleys with a greater continuity of employment in our own factories as well as in the basic industries which are so largely dependent upon our raw material demands.

The practical accomplishment of this objective hinges around the effectiveness with which we are able to control our production schedules through adequate forecasting that will insure a proper relation between the number of cars produced and cars required for consumption.

In the early years of the industry there was no especially urgent need for forecasting automobile sales. The demands of this virgin market were in excess of the productive ability of the industry and the sales performance for a given period was primarily dependent on the number of cars produced. Under such a condition the sales statistics of the industry did not extend beyond the recording of wholesale shipments to dealers.

Following the depression of 1921 the desirability of basing production on retail sales to consumers became increasingly apparent and General Motors set about to develop such a method of control.

This necessitated, first of all, the development of an elaborate system of reporting to provide us with accurate

data reflecting the status of each sales territory at regular and frequent intervals. This was a tremendous undertaking and it was not until 1924 that the system had been developed on a broad enough scale to make it of practical value.

Every credit executive is all too familiar with sales quotas and high pressure selling. In the next issue of CREDIT MONTHLY Mr. R. H. Grant, Vice President of General Motors and that corporation's salesman extraordinary will write on "Sales Quotas and High Pressure Selling."

It is interesting to note that we now receive reports every ten days from approximately 20,000 General Motors dealers, showing cars on hand, retail deliveries, and unfilled orders. General Motors production schedules and material commitments are based on the trend of retail sales as disclosed by these reports. Other manufacturers have developed similar systems of control, and the constructive benefits of the practice have been amply proven.

Even during the hectic conditions in the last quarter of 1929 the production of the industry, generally speaking, was kept within a satisfactory relation to the movement of new cars at retail, and contrary to popular opinion new car stocks were not abnormal at the close of the year.

This is gratifying and indicative of progress, but there is another and more elusive factor that must be dealt with before any system of forecasting may be depended upon to provide maximum safeguards against future contingencies.

With sufficient pressure it is possible, generally speaking, to force retail sales beyond a point that serves the best economic interest of both the manufacturer and dealer, and from this standpoint the control of production on the basis of retail sales is an inadequate procedure.

For example, we may have what appears to be a normal level of retail sales, but which in reality is due to overforcing; therefore a production schedule arrived at by taking such a trend at its face value will be excessive because to whatever degree the trend rests upon a fictitious or artificial basis, it will inevitably drop even below its normal economic level in order to compensate for the previous abnormality.

In the past, overproduction has been defined as a maintenance of production out of proportion to the retail sales rate. In the future we must define overproduction as being that quantity of cars in excess of the production that would be required to insure a proper stability and provide equitable profits to both the manufacturer and his dealer organization.

Therefore, if the industry is to serve its own best interests and avoid periods of inflation and contraction, we will require a barometer in addition to retail sales.

(Continued on page 40)

Current Survey of Credit Conditions

■ W. S. Swingle, Director of the Foreign Department and the Foreign Credit Interchange Bureau of the National Association of Credit Men, in this article gives his current statistical interpretation of Latin-American credit conditions and collections. You may refer to the February Credit Monthly for the previous survey.

CHANGES in the situation in many countries in Latin America since the close of 1929 are indicated by the Sixth Quarterly Survey of Credits and Collection Conditions in twenty-one of these countries, just concluded by the Foreign Department of the National Association of Credit men.

The February issue of CREDIT MONTHLY summarized the first five Surveys, running from September, 1928 to December, 1929, inclusive, together with graphical charts of Credit

This chart shows graphically collection conditions in twenty-one Latin-American countries at five different periods. The scale numbers are based on the percentage of reports of prompt collections for each country during each survey.

and Collection indices. The Sixth Quarterly Survey, concluded at the end of March of this year is now added. In the chart, five successive index figures are given, September, 1928 being eliminated, and the figures for the March Survey have been added.

As in previous Surveys, results are based on the experience and opinions of members of the Foreign Credit Interchange Bureau of the National Association, through which several hundred leading exporters are co-operating in their foreign credit work. These Surveys are divided into two parts, namely, Credit Conditions in each country considered, based on all the available information, and the experience on Collections from each country as to whether generally prompt or slow.

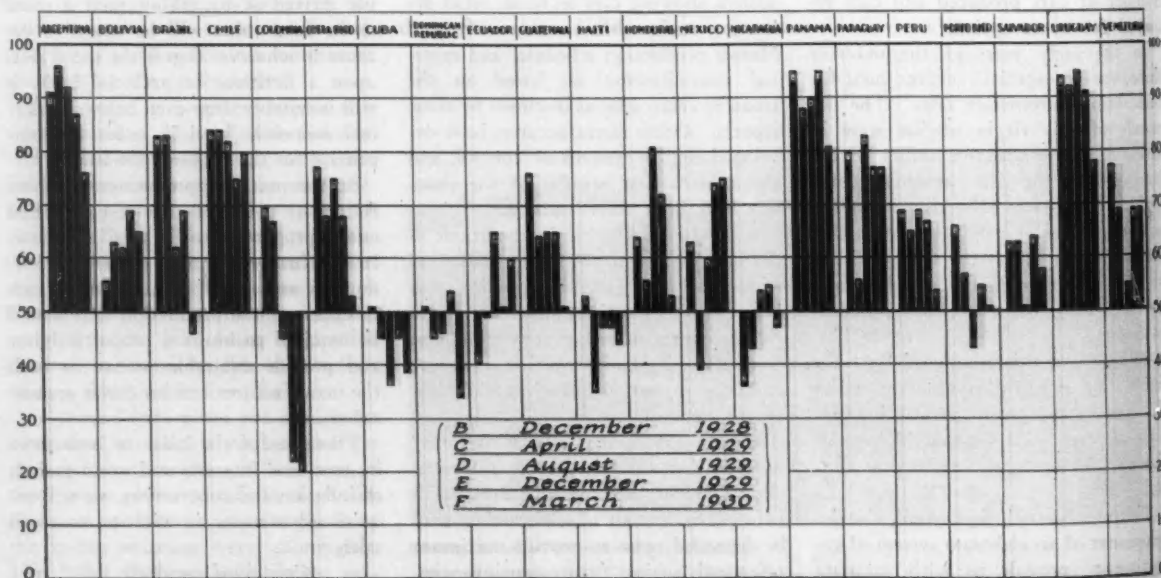
The causes of any delays in payment are not taken into consideration, nor do the terms have any bearing on the collection index, but rather is this a record of payments on or after the due date.

It should be borne in mind that while the Surveys give an excellent guide to Credit Conditions, the promptness of payment in the classification of any country should not necessarily be taken as a fixed index of all its economic conditions.

Reports on Credit Conditions show a considerable falling off in over 75 per cent. of the countries covered. Improvement in the index figure has occurred in only five countries, and in these cases to such a small extent as to be almost negligible. Evidently, if the country has held its own under present conditions, it may be regarded as above the average. A decrease in the credit rating fairly indicates the difficulties existing in many countries in this territory. This is due to several causes, chiefly conditions in major crop and raw material markets, such as coffee in Brazil, Colombia and Costa Rica, wheat in Argentina, sugar in Cuba and Porto Rico, and general and political conditions in the Dominican Republic, Haiti, Nicaragua, etc. In many countries, the business depression of last year continues or is increasing and has been accentuated by an adverse exchange situation.

Effect of Loan Reduction

The effects of a large reduction in the foreign loans placed in the United States for either Government or private enterprise in these territories and the probabilities of a continued scarcity of such loans is now showing its effect. Many projects await financing and a number of Governments need loans to



and Collections in Latin America

help improve their financial situation. The lack of ready money is therefore cutting down the output of marketable goods and reducing the earning power of the population, both of which conditions are quickly reflected in foreign trade.

Collections Slowed Up

As might be expected, the returns from collections have also shown a further slowing-up, but as has been the case previously, collections from a large majority of the countries are bet-

cases with but a few points on the index. Over 80 per cent. of the collections are lower, with the largest drop coming from Brazil, Dominican Republic, Honduras, Costa Rica, Guatemala and Uruguay. Several countries, such as Colombia, Cuba and Haiti, with a low collection index, have gone even lower.

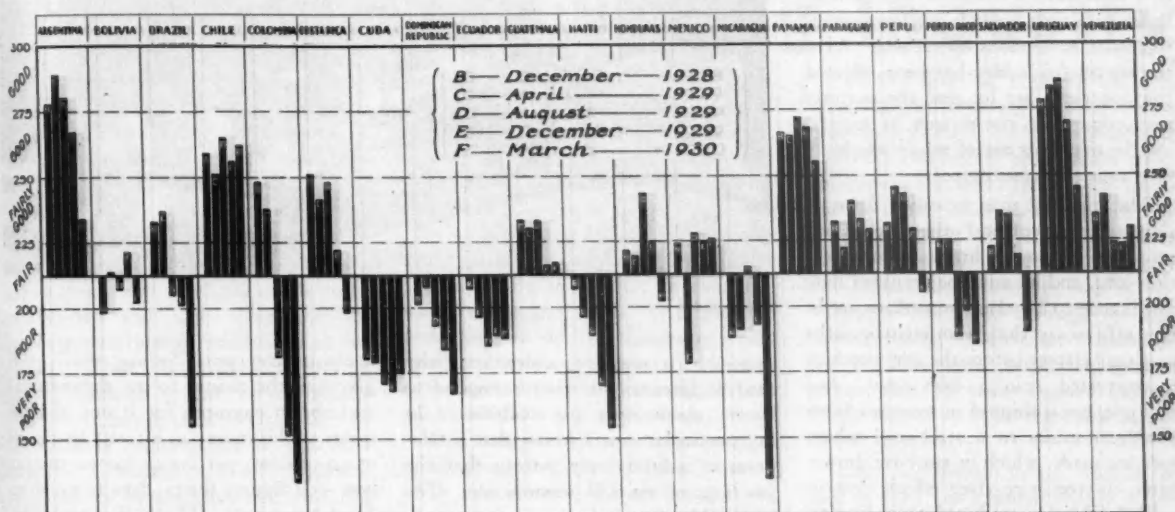
The Basis of the Surveys

For the benefit of those who may not have a record of the previous basis on which these Surveys were made, it may

age of 75 per cent. fair—25 per cent. poor.

Below this index, the classification is "very poor".

The chart below gives credit conditions in twenty-one Latin-American countries, based on data compiled in five surveys described in this article. This chart is scaled on the basis of the credit condition index figures which express mathematically the combined opinions of individual reports on each country.



ter than 50 per cent. prompt. This further emphasizes the fact that although credit conditions are not good, nevertheless in the case of properly selected buyers and concerns, prompt payments are made in spite of difficulties. Exchange has contributed in many cases to this slowing-up of payments. The best-informed and experienced exporters are as usual adopting the co-operative attitude with foreign clients, taking into consideration the local conditions.

There seems no indication of an unusual increase in insolvency or suspension of payments, but rather a reflection of slow collections from local distribution due to reduced buying power and the delayed realization from the products of local output.

In but three countries are collections reported as improved, and even in these

be explained that the Survey of Credit Conditions is based on the reports of "good", "fair", "poor", worked into percentage figures of all those reporting, and from these percentages into an index figure, as used in the accompanying chart. The classifications are of necessity more or less arbitrary, but are based on the following:

The index of 250 or better covers a percentage of not less than 60 per cent. good—50 per cent. fair, and is classified as "good".

The index of from 250 to 225 is classified as "fairly good", with the lowest possible percentage of 25 per cent. good—75 per cent. fair.

The index figure of from 225 to 200, with a lowest possible percentage of 100 per cent. fair, is classified as "fair".

The index of from 200 to 175 is classified as "poor", with a low percent-

The mean of the "fair" position has been taken as the base for graphical purposes to get an easier comparison.

The chart for Collection Conditions is based on reports of either "prompt" or "slow" collections, worked into a percentage of all of those reporting. The graphical index indicates the percentage of those reporting prompt collection for each country at the time of the surveys. The mean of 50 per cent. has been arbitrarily chosen as the base for graphical work.

It is hoped that conditions will improve and the returns from collections speed up so that in the next Survey a larger number of countries will join in the group where credit conditions are good and collections prompt.

Now may well be the time to plan for intensive developments of these markets when conditions improve.

The Credit Risks In Road Building

BY JOHN W. H. ROSS

Credit Manager, Wickwire Spencer Steel Co.

THE road builders of America represent a daring group of men who stake all they possess against the successful completion of a contract. They must compete against all conditions, the elements of weather, accidents, and the many various things that endanger the profit that is rightfully theirs in a contract.

We must recognize that the time and expense of preparing bids is a real item in a contractor's overhead and he must make sure that his bids are low enough to insure continuous operations. After the successful bidder has been selected, the contracts are let and the material man comes into the picture by supplying the materials out of which the highway must be constructed.

The material man is called upon to ship steel, cement and other ingredients on short notice for highway construction jobs, and he must be prepared long in advance to fill these immediate needs. It is safe to say that from eight months to a year elapses before the raw product is converted into a cash asset. For example, ore is shipped in steamers from Michigan mines to a steel mill where rods are made, which in turn are drawn down to steel wire after which electric welded fabric is produced according to specifications.

Deliveries of material are made to the job and semi-monthly estimates are approximated by the State for the amount of work completed. At this point, the proper share of each estimate should be set aside so that invoices for material will be met on net due date unless the discount option is taken. Too frequently, material men are forced to wait for payment out of final estimates which is unfair and an injustice to those who serve the job with material.

I have often heard the expression that the road builder carries his office in his hat. I have so often seen road builders out on the right of way directing the job and endeavoring to keep the work progressing when the mixer or shovels break down or when material has not arrived. All of these factors keep the men idle and reflect adversely on the road builders' profit. For this



© Ewing Galloway

reason, it is easy to understand why road builders do not always respond to letters about over-due accounts. In my particular case I know that a telegram or a brief reply stating that the job is going on will reassure me. The Credit Manager is in a sense a partner in the risk with the road builder, for the State holds back a 10 per cent. retained percentage until they are sure the contractor has not short-changed them on the job. This often imposes an unnecessarily heavy burden on the road builder which in turn reacts on the accounts for which he owes.

Co-Operating with the Contractor

Our Sales Department has frequently analyzed our over-due situation on road contracts urging leniency, and through an explanation of actual conditions has given us facts of which we were not aware. Often I am told by the Sales Department that the last shipment of steel was not actually used in the work because cold weather stopped the job. Since we know this fact, we endeavor to co-operate with the contractor and to carry that part of the

account over until Spring which will give him the chance to use the material and obtain payment for it out of estimates. This means an interest loss to us of one to two per cent.; for no matter how you figure, thirty days is equal to $\frac{1}{2}$ of 1 per cent. This is the important feature of our credit service for we must keep the good will of contractors so that they in turn will not forget how we have rendered service and co-operation even to the point of remembering an account should there be a slight difference in the price on their next job.

In talking to a meeting of road builders and constructors recently, I said, "I like to use the word 'partner'." Let us forget that we are buyers and sellers and rather that we are joined together for one definite purpose, that of completing a contract successfully and let us both look upon the State as the actual buyer and be frank and loyal to each other, for with this spirit much can be accomplished. If you should meet with trouble and something goes wrong with the job, call your creditors together quickly and there will always

(Continued on page 41)



■ Curative medicines must be used instead of drugs if a healthy condition is to be obtained in the building industry, says Mr. Walter Klie, President, Smith & Oby Company, Cleveland. In this article he tells

What's Wrong with the Building Industry

BRING together anywhere a group of contractors, either general, specialized, subs, or a mixture of these, and it's a ten-to-one shot that they will eventually drift into a discussion of how hard it is to make profits in their particular business.

The general contractors and the sub-contractors will criticize their own competitors and each other and the building contracting business as an industry. Then, each individual will go out to indulge in the very practices that he condemns in others and that he knows have brought one of the most important industries, for which knowledge, integrity, efficiency and responsibility should be the outstanding requisites, to a point where a premium is placed upon either the gullibility that comes from ignorance, or the craftiness, or worse, that comes from desperation.

Many who have not given very serious thought to the subject, feel that this condition is one of the results of the depression in the building trade, and that as soon as business picks up, this condition will automatically right itself. Unfortunately, almost all of those who have given really serious consideration to the problem, believe that the buyers' market which we are experiencing, will continue for many years. In fact, it will continue until some entirely unanticipated change in the whole economic structure takes place, because the capacity of our industry to produce, from manufacturers down the line to contractors, is so great, that even if we should come into a particularly large volume of building business at any

time, accelerated production would quickly take up the slack, and the buyers' market would very promptly be with us again.

The old problems of producing enough on the farms to feed the nation, or producing enough buildings to house the nation, and enough merchandise to supply the nation, or even the world no longer exist. Our greatest problems now are merchandising problems, and most of industry's effort is now directed toward increasing the capacity of the world to consume.

This makes for strenuous competition in all lines, but the building industry is in a peculiarly vulnerable position, because its costs, not being definitely predetermined but merely estimated ones, do not set a definite limit to price cutting.

On the face of it, this may seem like a very gloomy picture that I am painting, but I believe it will remain gloomy only so long as all the factors in our industry refuse to recognize these conditions and earnestly and intelligently set out to correct them.

Under the pressure and desperation of the situation some minds easily turn toward attempts at control and co-operation which border on collusion, a method which is not only unsound and dangerous, but has no chance of curing the basic trouble. Artificial restraints are like drugs taken to deaden pain. When their effects have worn off, the sufferer, who has endangered his life by their use, is no better off than before. What we need is real curative medicines and perhaps even operations to effect a cure.

I believe that the building up of a sound credit structure in the entire building industry and the consequent removal of artificial props from those who prove themselves unfit, is the medicine we need. This can be done by disillusioning those who are still looking for easy business in the future to justify their present low bidding; and by encouraging low costs through the efficient handling of contracts, discounting of bills and proper equipment, rather than by unscrupulous buying, which results in an overgrowth of accounts payable.

Every legitimate means should be used to convince material supply people of the ruinous effect upon themselves and the entire industry, of extending unwarranted credit to contractors. There are three basic divisions of cost in the contracting business: material, productive labor and overhead. The contractor must pay for his productive labor weekly, and his overhead regularly if he is to remain in business. Building supply materials, however, are sold on credit. If credit is granted indiscriminately by material supply dealers, many contractors who are operating at a loss, are enabled to remain in business.

When supply dealers enforce reasonable and firm credit terms, they are saying to every contractor: "Make at least your labor, material and overhead out of your job, or go out of business."

Real progress is being made in inaugurating plans and specifications for a sound credit structure in the building trades. The Central Co-operative:

(Continued on page 41)

■ Conventions must be fifty-fifty propositions—fifty per cent. straight busi-

ness and fifty per cent. contacts. Entertainment is the background against which the best contacts are made and remembered. Your contacts will be brightened and emphasized by the entertainment provided for you at Dallas. The Chairman of the Dallas Entertainment Committee may manufacture caskets—but this article is evidence that he can never be accused of being a crape hanger.

SOUTHERN in its warmth, western in its generosity, the hospitality of Dallas is boasted of as being unmatched anywhere. Plans for the entertainment of delegates and their wives at the Thirty-fifth Annual convention of the National Association of Credit Men indicate that Dallas' reputation as a city of hosts is more than going to be lived up to.

At Minneapolis the Dallas delegation promised only one thing and that was that every visitor to Texas would have a good time. Today we offer a money back guarantee. That's how sure we are of what we have to offer.

Nature did not endow north Texas with any lofty mountains, gleaming lakes or a single natural wonder worth mentioning. But the country was endowed with fertile soil and a glorious climate. That sunshine in which Texans live brightens their spirits, their outlook and their lives. The vast expanse of country is a constant reminder that there is room in the world for every one. The population couldn't help being cheerful, generous and friendly with such natural surroundings.

We'll Show You a Good Time

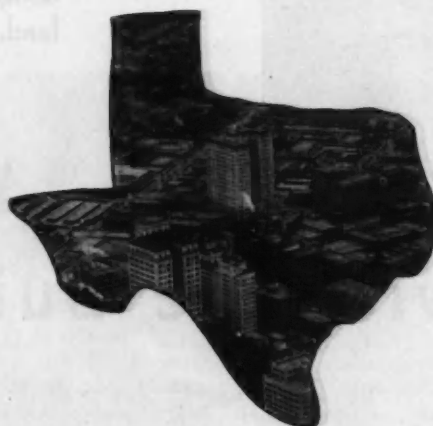
Dallas convention will be different in that it will not be a "hotel" convention, where the delegate spends most of his time in a hotel room and judges a city by the hotel lobby. We plan to give YOU VISITORS every courtesy this city affords. Being Southern in tradition, you can depend upon our seeing to it that the ladies are well looked after.

With no natural wonders to display,

Dallas AND Hosts ARE Synonyms

BY BENTLEY YOUNG

Chairman, Entertainment Committee



there is but one thing we have to show you, and that is "A GOOD TIME." For that good time we offer five country clubs and two downtown clubs, the University and the Athletic. The facilities of all these are going to be at the disposal of our visitors. The program contemplates liberal use of them, but if any delegate wants more they are his for the asking. Only one party of the many planned for both delegates and the ladies is scheduled for a hotel ball room.

The convention will be opened with a reception and lawn party, with dancing at the Dallas Country Club. From then on, there will be something doing every moment. Tuesday afternoon there will be a bridge party and tea at the beautiful Athletic Club, with a golf tournament for the men being started at either the Lakewood or the Cedar Crest country club. Tuesday night brings another party, this time at the University Club, atop one of Dallas' skyscrapers. Wednesday afternoon a real treat is in store. Detailed plans are not completed so no announcement can be made now. But nothing like it has ever been planned before. The day's pleasure will be concluded with a real Texas barbecue, chuck wagon, "slum-gullion" and all. For the niblick wielders five courses present their challenge.

Thursday afternoon the ladies will

be taken on a motor trip after which they will be guests of the wives of several Dallas members at the Woman's Club. Your wife will come away talking about the living room of this club. Thursday night there will be a ball at the Baker Hotel, convention headquarters.

One of the best parties of the week is saved for the last night. Atop the Santa Fe building, in the University Club and on the club lawn (yes, eleven stories up) is going to be staged a carnival and dance. To realize the utmost from the convention, no one can afford to leave before early Saturday morning.

Can You Beat It?

In brief these are the things which are planned for your pleasure and Dallas' bid for hospitality. There will be more. If you, Mr. Credit Man belong to the Rotary Club, ask a delegate to their convention here last May how we treated him and his wife. Then make your reservations now.

Finally, and as sincere proof of its hospitable intentions, the Dallas Association now boasts that its president has joined the staff of The Baker, convention headquarters hotel. Doesn't that help that old check cashing "bug-a-boo?"

Can you beat it?

Come on down and try it.

CREDIT MONTHLY

The Men Behind the N. A. C. M. Convention

Dallas, May 12-16



L. T. DYSART
General Chairman



ELLIOT BALESTIER, JR.
Convention Director

Leaders of Robert Morris Associates



JOHN J. GEDDES
President

who hold
their
Convention
jointly
with
N. A. C. M.
Convention



ALEXANDER WALL
Secretary-Treasurer



E. F. ANDERSON
Secretary, Dallas Assn.



W. Z. HAYES
Treasurer, Dallas Assn.



EUGENE MCELVANEY
Robert Morris Associates



J. W. ALLEN
Programs



K. H. DUGGAN
Automobiles



ALFONSO JOHNSON
Publicity



R. D. HALL
President, Dallas Assn.



C. G. MATHEWS
Hotels



F. F. FLORENCE
Finance



P. E. DIETZ
Information



O. D. BUFORD
Decoration and Music



F. H. KIDD
Reception



G. A. COFFEY
Registration



BENTLEY YOUNG
Entertainment



The Skyline of Industrial Dallas

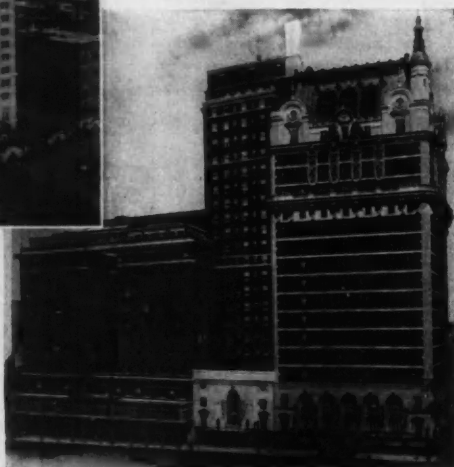
DALLAS—The Coe



(Above) The Baker Hotel

(To Right) The Adolphus

(Below) The Heart of the Industrial District Looking Southeast

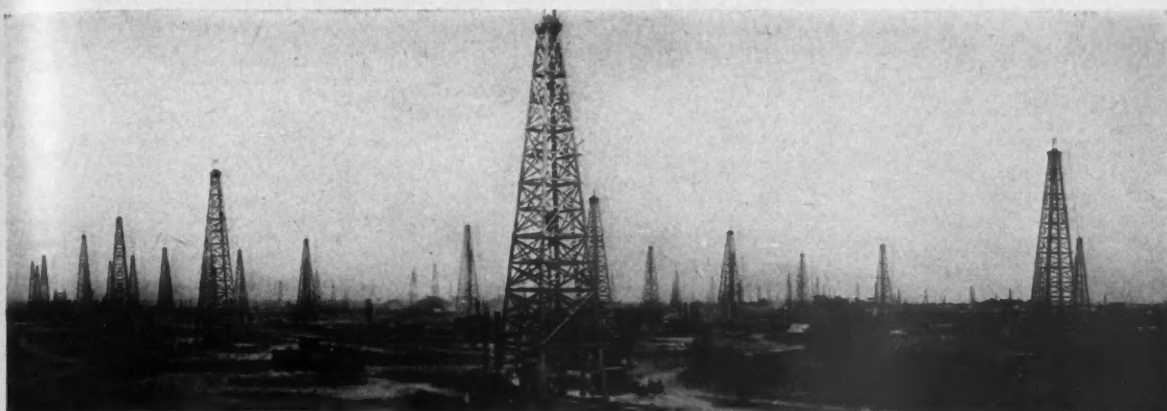


NO section of America has made steadier progress the past few decades than the Southwest, and typical of its development is the growth of Dallas, which will be the host city to the convention of the National Association of Credit Men, May 12-16. Dallas is the home of the Federal Reserve Bank of the 11th District, is the chief financial and distributing center of the Southwest, and has jumped from 88th city in population rank in the Nation in 1900 to approximately 39th today. If Dallas could have gotten some of its leading adjacent suburbs into its municipal area in time for the Federal census, the 1930 census figures would doubtless have given it a population of around 300,000. Yet in 1871, Dallas had but 5,000 people.

Dallas is lacking in ancient landmarks, no moldering ruins stand as a memento of the generations past, but its skyline is famous throughout the Nation, containing some 140 buildings of skyscraper proportions. Agriculture was largely responsible for the early development of the city, as it is located in the heart of the

© Ewing Galloway





Corsicana Oil Field Near Dallas

Convention City for 1930

Nation's largest "black-land belt," famous for its fertility, which has been continuously cropped for generations and, until recently, with but little attention being given to fertilization. Then came its development as a distributing center. Dallas today ranks fifteenth in the Nation as a jobbing center. Only four cities surpass it in the distribution of dry goods. It leads the Nation in the manufacture and distribution of cotton gins, saddlery, harness and leather goods, and stands third in the distribution of farm implements and farm machinery. Manufacturing then followed in logical sequence and today Dallas is in the midst of unparalleled industrial development. This has been hastened by industrial surveys made of the city a few years ago by nationally recognized engineering firms, showing conclusively what industries should do well here. Results of this survey have been used in a \$500,000 national advertising campaign which has been under way two years, operating as Industrial Dallas, Inc. Hundreds of new industries and new distributing branches have been added during this period, bringing the



(Above) Looking Down Akard St. Toward the Baker Hotel

(To Left) The Dallas Medical Arts Building

(Below) A Night-view of the Dallas Theatrical District





total of national firms maintaining district or Southwestern headquarters here to more than 2,000.

When you reach Dallas you may be interested to know that approximately one-half of the oil of the Nation is produced within over-night travel by rail from the city. What appears to be one of the Nation's major new oil fields is now being developed in East Texas, about 80 miles from Dallas, and West Texas and various other sections are daily extending their oil development. Nearly one-half of the cotton of the Nation is produced within twelve hours by rail from Dallas. And these are but two of the important sources of new wealth in the Southwest, a section that is producing around six billion dollars' worth of new wealth annually. Nearly 2,000,000 people live within a 100-mile radius of Dallas, and 20,000,000 can be reached by 24-hour train service.

Although the waves of a rising tide of commerce have swept prosperity toward Dallas, its people have not forgotten that the hours of rest should be as well provided for as the hours of work. Dallas has 4,000 acres in parks and playgrounds, one being convenient to every section of the city. Dallas is a "golf bug's paradise." It has a total of sixteen golf courses, many of them being among the Nation's sportiest. They include six municipal courses and six privately owned but open to the public, as well as those of the country clubs which boast palatial club buildings. There are so many good theatres in Dallas that the visitor can always find a play or picture show to suit him and make his evenings pleasant. Approximately 300 miles of paved streets and boulevards wind through the beautiful park system and truly remarkable residential sections of the city, where the landscape gardener's art has been given full opportunity.

With 130 hotels, large and small, represent-

ing an investment of \$30,000,000, but few American cities of similar size equal Dallas in the matter of "guest rooms" for visitors.

Dallas is a "natural gas" city and the visitor is impressed by the white color of the "towers of commerce" and the cleanly appearance of a

(Above) Club House at Dallas Country Club and One of the Courses at the Cedar Crest Country Club

(To Right) Dallas Woman's Club

(Below) Main Building at Southern Methodist University in Dallas



city unsullied by smoke and free from grime.

Dallas' climate as a whole is pleasant and invigorating. The altitude is approximately 500 feet, the average annual rainfall is 37 inches and the average annual temperature is 63 degrees. The warmer weather of mid-summer should not have started by the dates of this convention, but heavy clothing need not be brought along.

Nine trunk-line steam railroads and their subsidiaries serve Dallas, making good connections in all directions. Dallas is located on several Federal paved highways. It is an important aviation and airmail center. Dallas ranks first in per capita express business in the Nation, and ranks 23d in postal receipts, and 17th in bank clearings. Dallas is the home of the Nation's largest State Fair, with average annual attendance of 1,000,000 and with buildings and grounds valued at nearly \$3,000,000.

Dallas is a cultural city. It is the home of Southern Methodist University and some 10 other private schools, and its public schools have exceptionally high rank. The city has nearly 200 churches. Music and all the finer arts occupy a high position in Dallas.

All Dallas is looking forward to the convention of the National Association of Credit Men and is anxious to show the visitors—here at the first convention the Association has ever staged in the Southwest—just what real Dallas hospitality is. Dallas firmly believes that upon their return home all the visitors will be fully convinced that Dallas lives up to its slogan,—"A Friendly City in a Friendly State." That was what Rotary International said about Dallas when it convened here last year and had the second largest attendance in its entire history. All Dallas is making preparations for entertaining the largest gathering at any convention the Credit Men have ever had and, as the saying goes here in this country, they have "put the big pot in the little one" and they are urgently inviting every Credit Man and his wife and family.



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"Your Convention Each Year Keeps Your Brain Working Clear"

THE Convention Director offers the following information to delegates to the N. A. C. M. Convention at Dallas.

Railroad certificates will be issued through the Convention Director's Office entitling delegates to 1-1/3 fare. Also, special rates are being arranged by various local associations contemplating Post-Convention trips.

The room rates for both the Baker and the Adolphus Hotels (with the exception of the prices of the two-room suites with twin Murphy beds in living room and double bed in bedroom, which apply only to the Baker Hotel,) follow:

Single room, shower bath, \$2.00, 2.50.
Single room, tub bath, \$3.00, 3.50, 4.00, 5.00.
Double room, shower bath, double bed, \$4.00, 5.00.
Double room, tub bath, double bed, \$5.00, 6.00, 7.00.
Double room, tub bath, twin beds, \$6.00, 7.00.
Two room suites with twin Murphy beds in living room and double bed in bedroom are \$10.50, for one, two or three persons, and \$14.00 for four persons.

Condensed itineraries of several of the leading delegations are printed here for the information of all concerned.

From Chicago

Many delegates from other cities will join the Chicago delegation on its trip via the President's Special to Dallas. The itinerary is as follows:

SATURDAY, MAY 10—3:30 p. m. Lv. Chicago, via Chicago & Eastern Illinois Ry. 10:00 p. m. Ar. St. Louis. 10:15 p. m. Lv. St. Louis, via Missouri Pacific R. R. Dinner served in diner. Train will consist of latest type equipment; two diners if necessary, with head and buffet lounge car and a rear end lounge-observation car.

SUNDAY, MAY 11—8:30 a. m. Ar. Hot Springs. Breakfast on train prior to arrival. Opportunity to attend church. Lunch at the Arlington Hotel. Golf, and bathing in the radio-active baths in the afternoon. Dinner at Arlington Hotel. 10:00 p. m. Lv. Hot Springs.

MONDAY, MAY 12—7:45 a. m. Ar. Dallas. Motor cars will transfer passengers and baggage to the Baker and Adolphus Hotels, the finest and largest in the city; rooms with private baths assigned.

Monday, Tuesday, Wednesday, Thursday, Friday—Attending convention. Meals not included while attending convention.

FRIDAY, MAY 16—11:55 p. m. Lv. Dallas.

SATURDAY, MAY 17—7:30 a. m. Ar. San Antonio. Breakfast and lunch at the Gunter Hotel, which will be our headquarters during the day. Morning left open—sightseeing motor drive to all points of interest in the afternoon, returning to the Gunter Hotel for an evening dinner dance. 11:55 p. m. Lv. San Antonio.

SUNDAY, MAY 18—Ar. Brownsville, 9:50 a. m. Breakfast on train prior to arrival. Opportunity to attend church. 11:00 a. m. motor tour of the beautiful Rio Grande valley,

thence to Madame Leonaud's cafe, the largest in Matamoros, for lunch; afternoon and evening will be spent in Matamoros, a part of Old Mexico. 9:30 p. m. Lv. Matamoros via motor. 10:00 p. m. Lv. Brownsville.

MONDAY, MAY 19—8:00 a. m. Ar. Houston. Breakfast on train prior to arrival. Motor sightseeing trip around this most interesting city, thence via steamer and the ship canal to Galveston; this is a most interesting trip and gives one an intimate knowledge of the colossal exports sent out from these gulf cities. Lunch at the Buccaneer Hotel overlooking the Bay. Sea bathing in the afternoon; Galveston is noted for its beaches; the national bathing beauty contests are held there every spring. Dinner dance in the evening at the Buccaneer hotel. 10:30 p. m. Lv. Galveston.

TUESDAY, MAY 20—En route, Breakfast, lunch and dinner in diner.

WEDNESDAY, MAY 21—7:45 a. m. Ar. Chicago.

Those who cannot take the Post-Convention Tour outlined in the above itinerary will be furnished rail-tickets back to their starting-point, and Pullman accommodations back to the point where they boarded the President's Special on the outgoing trip.

Highlights of the Convention Program

From 2 p. m., on Monday, May 12, when Leland Dysart, Executive Chairman, General Convention Committees, calls the Convention to order, there will be a program replete with interesting subjects.

Dr. Miller will keynote the Convention with his address, "Constructive Credit—The Basis of American Industrial Supremacy."

On Tuesday, May 13, Carl Williams, member of the Federal Farm Board, will discuss Farm Problems, and Clyde William Phelps, head of the Department of Economics and Commerce, University of Chattanooga, will talk on "The Economic Consequences of Instalment Selling."

On Tuesday afternoon, Oscar Rosenthal of Chicago will speak on the "Need for Credit Control in the Construction Industry."

On Wednesday morning, May 14, Honorable W. J. Donovan will make his feature address on the "Revision of the National Bankruptcy Act." Following this address, there will be a general discussion, conducted by W. Randolph Montgomery, of counsel for the National Association of Credit Men.

Friday afternoon, May 16, J. Harry Tregoe, former Executive Manager of the N. A. C. M., will talk to the Convention on "Association Spirit and What It Means to an Organization."

The program is so full of good things that you will not want to miss a minute of it.

The Associations of New York, New England, New Jersey and Pennsylvania have arranged to travel to Dallas via the Pennsylvania Railroad. A Post-Convention Trip has also been mapped out. The approximate schedule is as follows:

The delegates leave New York, Friday, May 9, about 2:15 p. m., Newark 2:37 p. m., and North Philadelphia 4:00 p. m. (with connecting train from Washington 2:40 p. m., and Baltimore 3:37 p. m. to Harrisburg) and arrive at St. Louis about 3:00 p. m., Saturday, May 10. At St. Louis the party will be taken for a motor drive to points of interest, terminating at a hotel for a "family" dinner. Party will leave the same evening by the Frisco Lines and Missouri-Kansas-Texas Lines, the route of "The Texas Special," at about 10:00 p. m., and arrive at Dallas 4:00 p. m., Sunday, May 11.

The Post-Convention Tour of this group will include visits to San Antonio, Brownsville, Houston, Galveston and Fort Worth. This group will leave Fort Worth for home on Tuesday, May 20 at 2:10 p. m., via the Missouri-Kansas-Texas Lines. They arrive at St. Louis, on Wednesday, May 21 at 8:10 a. m. They leave St. Louis via the Pennsylvania Railroad 9:00 a. m., and arrive at North Philadelphia at 8:05 a. m., Thursday, May 22 and at New York, 9:50 a. m. Connecting train from Harrisburg arrives at Baltimore at 9:05 a. m., and Washington 10:05 a. m.

From Pittsburgh

The Joint Convention Tour of Pittsburgh, Cincinnati, and other proximate cities is as follows:

Lv. Pittsburgh	11:15 p. m. Friday	May 9
Ar. Cincinnati	7:45 a. m. Saturday	" 10
Lv. Cincinnati	10:20 a. m. "	" 10
Ar. New Orleans	9:05 a. m. Sunday	" 11
Lv. New Orleans	10:00 a. m. "	" 11
Ar. Houston	8:20 p. m. "	" 11
Lv. Houston	10:10 p. m. "	" 11
Ar. Fort Worth	7:40 a. m. Monday	" 12
Lv. Fort Worth	7:40 a. m. "	" 12
Ar. Dallas	8:10 a. m. "	" 12
Lv. Dallas	8:30 p. m. or 10:00 p. m. Friday	May 16
Ar. Fort Worth	9:20 p. m. or 10:50 p. m. "	" 16
Lv. Fort Worth	10:00 p. m. "	" 16
Ar. Houston	7:30 a. m. Saturday	" 17
(Spend day in Galveston)		
Lv. Houston	9:00 p. m. "	" 17
Ar. Harlingen	6:30 a. m. Sunday	" 18
(Motor bus trip through valley and return to Brownsville by 2 p. m., Matamoros, Old Mexico)		
Lv. Brownsville	9:00 p. m. Sunday	May 18
Ar. Houston	7:30 a. m. "	" 18
Lv. Houston	8:20 a. m. "	" 18
Ar. New Orleans	6:55 p. m. Monday	" 19
Lv. New Orleans	9:00 a. m. Tuesday	" 20
Ar. Cincinnati	10:55 a. m. "	" 20
Lv. Cincinnati	1:30 p. m. "	" 20
Ar. Pittsburgh	9:30 p. m. Wednesday	" 21

The Western Division

It is planned to have all the delegates from the Western Division meet at Los Angeles. From there they will take the Southern Pacific or the Texas & Pacific Railroad through New Mexico into Texas, stopping at the Carlsbad Cavern, the world's largest and most beautiful cavern, twenty-nine miles southwest of Carlsbad, New Mexico, which has been set aside by the United States Government as a National monument.

Alexander Hamilton—

Genius Extraordinary

and

Father of American Credit and Finance

BY FRANCES MICHAELSON

NO business organization springs full-fledged from the brains of its organizers. Rather is it the product of many conferences and much labor. Perhaps the greatest amount of thought and hard work go into the financing of the business. Without capital, the business cannot even be launched; with a thoughtful budgetting of the expenditure of the capital, the new business speedily goes on the rocks.

A newly organized government is very like a new business organization. How to finance it is the big problem. The United States, at the conclusion of the struggle for independence from Great Britain faced this problem, and the man who solved it and made this country "a going concern" is Alexander Hamilton, first Secretary of Treasury, described as "that sublime clerk" by one of his biographers who further says that "the United States were the product of his bookkeeping."

Alexander Hamilton was undoubtedly a genius. His abilities lay along many lines: he wrote brilliantly, he was a magnetic orator, he led his profession as a lawyer, he had an extraordinary grasp of the principles of finance. Circumstances caused him to develop this financial genius in fuller measure than the rest of his talents.

He lived the first fifteen years of his life, from 1757 to 1772 in the West Indies, a member of the wealthiest and most aristocratic set on the Islands.

■ At thirteen, he directed the business of a West Indian trading company.

At seventeen, captain of artillery in Washington's army and Washington's secretary.

At eighteen, developed plan for financing Revolutionary Army.

Passed bar examination after only four months' study.

At thirty-two, first Secretary of Treasury and father of the United States financial system.

His mother died when he was twelve years old, and he was left virtually an orphan, for his father, who was trying desperately to recoup his fortunes in another part of the Islands, gave him no financial and little moral support.

The boy studied under Hugh Knox, an Irish scholar, but he was eager to go to America and enter college there. His relatives, whom the torrid tropical climate made languid, thought his straining ambition unnatural and even unhealthy.

So Alexander Hamilton went to work to earn the money for his education. He got a position in the counting-house of Nicholas Cruger, the wealthiest merchant on the island of St. Croix. His maturity of judgment and sound business ability so impressed his employer, that within a year he was being sent to other islands to direct branches of the Cruger firm. During

a prolonged absence of Nicholas Cruger from St. Croix, the thirteen-year old boy directed the business there. This is a perfect example of genius, which almost always manifests itself in the extreme youth of the gifted individual.

It was not however the financial talent of Alexander Hamilton, but his marked literary ability that provided him with the two thousand pieces of eight which he needed for his education. A terrible hurricane, the dread of the West Indians, caught St. Croix in its grip and left it much damaged and shaken. Young Hamilton,

who rode through the storm to warn the planters, afterwards wrote down his impressions of the hurricane and sent the account in to the local newspaper. The story was read by the Governor of St. Croix who became interested in the young author and insisted that money be raised to send him to college in America.

Alexander Hamilton, aged fifteen, set sail for America, leaving behind him in the West Indies, which he never again visited, a reputation for mature financial sagacity and literary genius.

He arrived in New York when feeling was running highest against England's tyrannical policy. When war broke out, he became a captain of his own company of artillery and saw active fighting for a year. During this year, he came in contact with Washington, who, impressed by the seventeen-year old boy's personality and in-

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tellect, made him his secretary. Hamilton held this exacting position for four years, and his duties gave full play to his many-sided genius. He was Washington's scribe and gave the latter's ideas their literary form.

Another of young Hamilton's duties was to devise ways and means of financing the army. In a letter to Robert Morris, who has been called the Financier of the Revolution, Hamilton developed his plan for improving the warring country's finances. The central ideas of the plan were these: to obtain a foreign loan of two million pounds sterling and to create a National Bank with this loan as capital. This plan was a daring one for the times, for the whole conception of banks was a new and unpopular one. Robert Morris did not dare to put the scheme in action. When Hamilton became Secretary of the Treasury, however, it was the keystone of his policy.

Hamilton was eager to finish his interrupted education. He left his post on Washington's staff and settled down to a serious study of law. He passed the bar examinations after only four months of study,—study of such intensity that it equalled two years of a mediocre student's effort. He had married Elizabeth Schuyler, daughter of one of Washington's generals, and the young ménage made its home in New York.

Hamilton, however, did not settle back and become a private citizen. He realized that the infant republic would face a hard time in its early progress and development. The country, just after the war, was not a group of United States, but thirteen sovereignties, each eager to further its own selfish interest. The people themselves showed complete and maddening indifference to political affairs. Hamilton had faith that a nation could be welded together by means of a strong central government. He embodied his ideas in innumerable letters to members of Congress and in a series of newspaper articles later published under the title of the "Federalist". He fought for his ideas in the Constitutional Convention and our national constitution is the embodiment of his ideas, modified in some details. The fight was a hard one, for states' rights had many ardent supporters.

He carried the fight through to the New York State Convention, convoked to ratify or veto the constitution, and by dint of much eloquence (he harangued each day for three weeks),



A Hamilton

Portrait of Alexander Hamilton, by John Trumbull in Museum of Fine Arts, Boston

he got this important state into the Union.

Hamilton became the country's first Secretary of Treasury. It was his job to put this new enterprise, in many ways his own creation, on a firm financial basis. His creative mind formulated principles which are still the bases of our national finance. His successors, though opposed to his political beliefs, never found anything to change in the organization of his department.

The situation which Hamilton had to face was a terrifying one. The country was on the verge of bankruptcy with a total of \$80,000,000 in debts and a deluge of worthless paper money. After studying the situation thoroughly, Hamilton's first step was to draw up and submit to Congress a Report on the Public Credit. The main points of this Report were the assumption of the states' debts by the Federal Government, and the consolidation of all debts into one National Debt, the raising of three new foreign

loans, the segregation of post-office revenue to provide a sinking fund for the payment of the debt, and increasing Federal revenue by placing increased duties on foreign merchandise. Thus Hamilton toted up the country's debts and arranged means of paying them off. The plan aroused storms of protest from individuals who thought that the public debt should be repudiated, and from states rights' advocates who saw that the assumption of states' debts by the central government put added power into the latter's hands. Hamilton refuted his enemies with this argument: "If the maintenance of public credit, then, be truly so important, the next inquiry which suggests itself is: by what means is it to be effected? The ready answer to such question is, by good faith; by a punctual performance of contracts. States, like individuals who observe their engagements, are respected and trusted, while the reverse is the fate of

(Continued on page 42)

Nation-Wide Collection and Sales Conditions

WHAT THEY ARE AT PRESENT THE OUTLOOK FOR THE NEAR FUTURE

SALES and collections constitute one of the most immediate reflections of business conditions. The basic economic fundamental of supply and demand is mirrored by Sales. The two major questions of business are, "Will people buy?" and "Can they pay?" Prosperity is based directly upon these two criteria, for unless commodities have a rapid turnover through sales, and unless payment for these sales is immediate, business cannot prosper and progress.

In this issue, CREDIT MONTHLY offers its first analysis of sales conditions

■ This is the first monthly report of Collection Conditions and Sales Conditions to be assembled and published by Credit Monthly.

and collection conditions. This analysis is based upon reports from leading cities throughout the United States and is a reflection of business conditions as shown by the daily experience of approximately twenty-five thousand concerns in these leading cities. Each city reporting is a trading center and indicates the sales and collections condi-

tions for the territory of which it is the hub or center.

These reports have been tabulated so that you may see at a glance how conditions are reported in various cities in each State. You may also see at a glance what cities report a condition of "Good, Fair and Slow." At the end of this summary you will find valuable explanatory comments that have been sent in to CREDIT MONTHLY. These additional comments may be pertinent to your interpretation of collection conditions and sales conditions in the cities listed.

COLLECTIONS					SALES		
State	City	Good	Fair	Slow	Good	Fair	Slow
Arizona	Phoenix		Fair			Fair	
Arkansas	Little Rock		Fair			Fair	
California	Oakland			Slow		Fair	
	Los Angeles		Fair				Slow
	San Francisco		Fair				Slow
Colorado	Denver		Fair			Fair	
	Pueblo		Fair			Fair	
Connecticut	Hartford		Fair			Fair	
	New Haven			Slow			Slow
	Waterbury			Slow		Fair	
Dis. of Col.	Washington		Fair			Fair	
Florida	Miami	Good			Good		
	Tampa		Fair			Fair	
Georgia	Atlanta		Fair			Fair	
	Macon			Slow			Slow
Idaho	Boise			Slow		Fair	
Illinois	Decatur			Slow		Fair	
	Chicago			Slow		Fair	
	Galesburg			Slow			Slow
	Peoria			Slow			Slow
	Quincy		Fair			Fair	
	Rockford			Slow		Fair	
	Springfield			Slow		Fair	
Indiana	Fort Wayne			Slow		Fair	
	Indianapolis			Slow			Slow
	South Bend		Fair			Fair	
	Terre Haute		Fair			Fair	

CREDIT MONTHLY

COLLECTIONS

SALES

State	City	Good	Fair	Slow	Good	Fair	Slow
Iowa	Burlington	Good		Slow		Fair	
	Davenport					Fair	
	Des Moines			Slow		Fair	
	Sioux City			Slow		Fair	
	Waterloo		Fair			Fair	
Kansas	Wichita		Fair			Fair	
Kentucky	Lexington		Fair			Fair	
Louisiana	New Orleans		Fair			Fair	
	Shreveport			Slow			Slow
Maryland	Baltimore		Fair			Fair	
Massachusetts	Boston	Good		Slow		Fair	
	Springfield						
Michigan	Detroit		Fair				Slow
	Flint			Slow			Slow
	Grand Rapids			Slow		Fair	
	Jackson			Slow		Fair	
	Lansing		Fair			Fair	
	Saginaw		Fair				Slow
Minnesota	Duluth		Fair			Fair	
	St. Paul		Fair			Fair	
Missouri	Kansas City			Slow		Fair	
	St. Joseph			Slow			Slow
	St. Louis			Slow		Fair	
Montana	Billings			Slow			Slow
	Helena			Slow			Slow
Nebraska	Lincoln	Good	Fair		Good	Fair	
	Omaha						
New York	Albany		Fair			Fair	
	Buffalo			Slow		Fair	
	Elmira		Fair				
	New York		Fair			Fair	
	Rochester		Fair			Fair	
	Syracuse		Fair			Fair	
	Utica		Fair			Fair	
North Carolina	Charlotte			Slow	Good		
	Greensboro		Fair			Fair	
North Dakota	Fargo			Slow			
	Grand Forks			Slow			Slow
Ohio	Cincinnati			Slow		Fair	
	Cleveland			Slow			
	Columbus			Slow			Slow
	Youngstown		Fair			Fair	
Oklahoma	Oklahoma City			Slow			Slow
Pennsylvania	Allentown			Slow		Fair	
	Altoona			Slow			Slow
	Johnstown			Slow			Slow
	New Castle			Slow			Slow
	Reading		Fair				Slow
	Scranton			Slow			Slow
	Uniontown			Slow		Fair	
	Wilkes-Barre			Slow		Fair	
Rhode Island	Providence		Fair			Fair	

APRIL, 1930

COLLECTIONS

SALES

State	City	Good	Fair	Slow	Good	Fair	Slow
Tennessee	Chattanooga			Slow			Slow
	Knoxville		Fair			Fair	
	Memphis			Slow		Fair	
Texas	Austin			Slow			Slow
	Dallas			Slow			Slow
	Fort Worth			Slow			Slow
	Waco			Slow			Slow
	Wichita Falls			Slow		Fair	
Utah	Salt Lake City			Slow		Fair	
Virginia	Bristol		Fair			Fair	
	Lynchburg			Slow		Fair	
	Norfolk			Slow			Slow
	Richmond		Fair			Fair	
	Roanoke		Fair				Slow
Washington	Bellingham			Slow			Slow
	Tacoma		Fair			Fair	
West Virginia	Bluefield		Fair			Fair	
	Charleston		Fair			Fair	
	Clarksburg			Slow		Fair	
	Parkersburg			Slow		Fair	
	Williamson			Slow		Fair	
Wisconsin	Fond du Lac			Slow			Slow
	Green Bay			Slow		Fair	
	Milwaukee		Fair			Fair	
	Oshkosh		Fair			Fair	

COMMENTS

ARKANSAS: Little Rock reports that it is necessary to use follow-up letters weekly for Collections and that although sales are slow, the prospects show so much improvement, that a listing of fair is deserved.

CALIFORNIA: Conditions in Central California were improving noticeably during the last ten days of March, with a decided change for the better in sales volume.

CONNECTICUT: Reports from Connecticut show that there is a general falling off of collections and sales which is caused by the majority of large brass and metallurgical factories either shutting down and operating only part time, or else laying off large numbers of their employees. The employment situation in this State is rather acute and does not seem to be improving. As a consequence, retail Sales have fallen off to a considerable extent.

FLORIDA: Florida reports that this is a very good season of the year for business in that section with Sales being particularly good.

INDIANA: We learn from Indiana that there are a larger number of liquidations in that State than usual,

with an indication that failures will run fairly heavy during the next month or so. Accounts receivable outstanding are larger for sections of Indiana than at any time heretofore, while volume of sales is considerably less than the same period last year.

IOWA: Conditions in Iowa are caused by a low price on farm products with a small volume of retail collections. Sales, however, were on the increase during the latter part of March.

LOUISIANA: Louisiana depends almost entirely upon its cotton and sugar crops which have been very disappointing to its farmers this year. The sugar was badly injured by freezing so that the farmers will not get good returns from it even considering the advance in tariff. Reports from Louisiana show that most merchants are buying from "hand to mouth" and that the State is having the largest number of failures since the period following the World War.

MICHIGAN: Michigan reports that it is a real effort to keep collections in that State up to standard. First class salesmanship is necessary to keep sales

normal. There is an evident effort in this State to educate merchants in the elimination of waste in placing advertising.

MINNESOTA: In Minnesota, collections on general merchandise are better than on dry-goods and hardware, while in the electrical and radio lines, collections are reported as good. The electrical lines show an increase of sales for January and February over the same period for 1929.

MONTANA: Montana reports, collections, 50 per cent. slow, 40 per cent. fair, and 10 per cent. good and sales, 40 per cent. slow, 50 per cent. fair and 10 per cent. good.

NEW YORK: All reports from New York State indicate that both Sales and Collections are from fair to good with some lines even ahead of last year. Conditions around Syracuse present a rather optimistic outlook. The New York Central Railroad plans to start within the next thirty days, an elevation and building program in Syracuse that will involve an outlay of several million dollars. As this is a very expensive project and will take

(Continued on page 47)

CREDIT MONTHLY

Burroughs



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Accounts Receivable

1. Ledger, statement and proof-journal.
2. Ledger and distribution of sales, or cash and other general entries.
3. Installment ledger, distribution of revenue by years, sales by departments and cash receipts.

Accounts Payable

1. Ledger, remittance advice and journal.
2. Voucher, maturity (or due date) ledger and incoming invoice register.
3. Vendor's record and distribution of purchases.

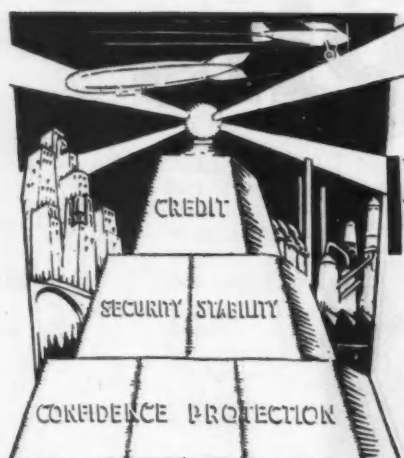
Burroughs features give extraordinary speed and flexibility; for example: complete date—month, day and year—printed by the depression of a single key or automatically if desired; automatic tabulation between columns; automatic alignment of dollars under dollars and cents under cents; credit balances automatically computed, and printed in red; balances and totals printed with one key depression; errors may be corrected before printed or added; electric return of carriage—and many others.

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APRIL, 1930

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INSURANCE DIGEST

As the credit executive is in closer contact with the insurance field than any other business man excepting the insurance man himself, the Insurance Digest has been inaugurated to fill the need of the credit fraternity for insurance news and information.

A Credit Executive Did It!

By Franklin H. Wentworth, Managing Director, National Fire Protection Association

An illustration of the valuable assistance the credit men have rendered and are still rendering in the campaigns for model arson laws, which will not be suspended until all the states have a model up-to-date law, was the special service rendered in the state of Delaware, by Mr. W. R. Stevens, Credit Manager of the Hercules Powder Company at Wilmington. Delaware had a fairly satisfactory law, but no conviction for arson could be secured in the state because the penalty was too severe. No jury would ever convict a man of arson for incendiarism that did not result in death or serious injury to persons if it knew that such conviction would result in the execution of the incendiary.

The death penalty in Delaware obviously stood in the way of all convictions. This severe punishment was one of the items which the passage of our model arson law would change to the penalty of twenty years maximum imprisonment. Through the instrumentality of Credit Manager Stevens working through acquaintances in the legislature our bill was introduced in Delaware during the legislative session of 1926-27. The bill passed both houses but the Governor withheld his signature because of a technicality which affected certain cases then being tried. The unsuccessful effort did not discourage Mr. Stevens who, along with others who were interested, again secured the introduction of the bill in

the legislature of 1928-29, as the legislature of Delaware meets only every other year. This time the bill was successfully enacted and is now a law. We often get assistance of this importance from credit executives, so it is natural that we give them a major place in our insurance picture.

Golden Jubilee of Liability Insurance

The year 1930 marks the Golden Jubilee of liability insurance. Just fifty years ago in London this form of insurance came into being with the establishment of The Employers' Liability Assurance Corporation, Limited, and just forty-four years ago a branch of that company was established in Boston, the first company in the United States to write employers' liability insurance.

Like most successful reforms liability insurance came out of the stress of necessity for a cure for an intolerable industrial condition. Prior to 1880, in England, the legal relations between the master and servant were covered only by common law. This recognized employees of all grades as "fellow servants" with no responsibility on the part of the employer for injury to any employee caused by another employee nor was the employer responsible for injuries resulting from defects either in machinery or the premises if the insured employee knew of such defects or should have known them by "reasonable observation".

Because of the strict enforcement of this law and its recognized injustice to the workmen, a movement began about 1870 to improve the legal status of such workmen. As a result the British Parliament passed in 1880 the English Employers' Liability Act. This changed the legal status of the employer to the point that he became responsible for damages, within a certain limit, for negligence of a Superintendent, and for defects in machinery or premises which caused injuries to workmen. Since that day liability insurance has grown into its significant niche in the American business picture and is of inestimable value to the security of employers.

Life Insurance as Collateral

Because of the increasing use of life insurance as collateral for credit, this abstract, taken from a publication of Connecticut Mutual Life Insurance Company, is presented.

There are four factors that determine the availability of life insurance as collateral, the amount of cash that can be realized from the collateral, whether good title can be conveyed to the lender, what precautions the lender must take to make certain that the policy will not decrease in value and whether it can readily be converted into cash when the debt matures.

It is obvious that if the policy is the only collateral put up for a loan or for commercial credit the amount should

CREDIT MONTHLY

be limited to the sum of the cash value and the accumulated dividends. In every case the policy should be made absolutely payable to the creditor or assigned to him. When the policy is assigned some arrangement should be made for the payment of future premiums. You should be aware of the automatic premium loan provision of the policy, and also of the provision whereby premiums are paid out of accumulated dividends.

There are five important points to remember when a life insurance policy is assigned as collateral: 1. The loan should not be greater than the cash value and accumulated dividends unless there is other collateral. 2. Arrangement should be made for payment of future premiums. 3. The policy should be made payable to the insured's estate before the assignment is executed; otherwise, all parties having an interest in the policy must join in the assignment. 4. An assignment by the insured does not transfer his right to change the benefit. 5. If the assignee is to control the policy, a power of attorney should be given him in the assignment or in the note evidencing the debt.

Bootleg Insurance

Bootleg proclivities are evident even in the insurance field. Honorable Lloyd Dort, Commissioner of Insurance for Nebraska, in an article in the Journal of American Insurance, said: "We have long had bootleg liquor. We now have bootleg insurance. Bootleg insurance is unauthorized insurance."

Credit executives will realize that there are as many dangers in bootleg insurance as in bootleg liquor. Poisonous effects will result from bootleg insurance as proportionately as from bootleg liquor. You need to make sure that your debtors and your own company are not endangered by bootleg insurance.

Dangers to guard against in bootleg insurance are: Companies who are not properly admitted to the legal transaction of insurance, and who may be soliciting purchase of insurance by mail, radio and other means that will hide the illegal practices; cases are numerous where the policy is not broad in its coverage and the insured is not getting the protection that he believes he is getting; because the company selling bootleg insurance evades the laws that are enacted for the protection of policy

holders, every activity of such companies is fraught with danger that must be carefully guarded against. *Make sure that you are not buying bootleg insurance.*

Insurance Stocks As an Investment

More credit executives each year are assuming the investment responsibilities for their companies. The credit executive's insurance duties, therefore, place him in an unusually significant position in regard to insurance stocks as an investment. Understanding as he does the ramifications of the insurance field, the credit executive will approach the investment phase of insurance with experience and background.

Insurance stocks are rapidly growing into a place of preference in the investment field, ranking along with such standard investments as banks and trust companies. Insurance is as indispensable to business as banking, which, of course, lends an economic stability to insurance stocks. Insurance companies are required to file exhaustive annual statements and reports, and are under the supervision of Insurance Departments in the states in which they operate. Laws restrict the investment of their funds which is an additional guarantee of security.

Approximately eighty per cent. of fire insurance assets are invested in government, state and municipal bonds and stocks of the highest grade. There have been substantial investment gains among fire insurance companies, much more than sufficient to offset any technical or actual underwriting losses, dividend payments, increases in special reserves or other financial requirements that must be met by insurance companies. A more thorough study of in-

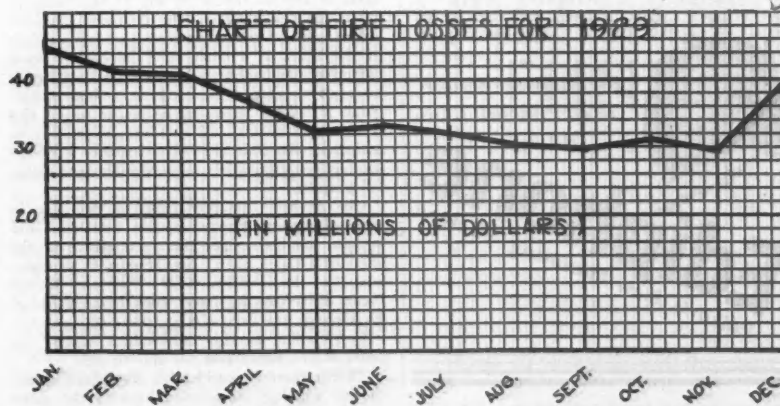
surance stocks on the part of the credit executive will reveal a valuable field for investments.

What Will It Be for 1930?

The fire and lightning losses for 1929 amounted to the gigantic total of \$422,215,128. This information has been carefully gathered by the National Board of Fire Underwriters and represents the most accurate figure available on fire losses. Every cent of this fire loss affected you indirectly and some of it doubtless affected you directly. Were all of your debtor merchants covered by insurance on their losses? Are you sure you are adequately protected for 1930? This vast waste must be lessened and the efforts of credit executives in fire prevention and protection will be a signal contribution to a smaller fire waste for 1930—and, of course, a proportionately smaller credit loss.

The record for the calendar year of 1929, based upon the fire and lightning losses reported each month by the member companies of the National Board and tabulated at the National Board office in New York follows:

January	1929	\$44,713,825
February	1929	41,520,290
March	1929	41,277,814
April	1929	36,845,795
May	1929	32,129,408
June	1929	33,605,663
July	1929	31,985,493
August	1929	30,446,893
September	1929	29,249,355
October	1929	31,652,385
November	1929	29,061,869
December	1929	39,726,338
Total		\$422,215,128





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ANSWERS TO CREDIT QUESTIONS

Conducted by E. Paul Phillips

Banks

Q. What recourse has a creditor who received a check from a customer drawn on a bank which, after charging the check to the account of the customer, failed, with the result that the money was never received?

A. The rule established by the weight of authority is to the effect that the maker of the check is discharged and no recovery can be had against him. The creditor's claim is against the defunct bank, or in the case of negligence on the part of any of the banks in the collecting chain, against the negligent bank.

Statutes to remedy this situation have been enacted by the legislators of numerous states, including New York, but not by Oklahoma.

Checks

Q. A creditor received a check from a corporation in Omaha which was returned from the bank marked "Account Closed". The concern went into receivership three days after check was drawn. What steps can be taken in order to secure payment?

A. If a receiver is appointed for a corporation, the bank in which the corporation's funds are deposited, is under a legal duty to dishonor outstanding checks, and unless the check was received in payment of a current cash transaction, it would seem that the creditor's sole remedy is to file a claim for the amount of the check with the receiver.

Collection Stamp on Drafts

Q. Is the following stamp placed on drafts recognized as a valid and enforceable provision: "This draft is placed for collection only and is not to be treated as a deposit. The funds obtained through its collection are to be accounted for to us as a trust and are not to be commingled with the other funds of collecting bank."

A. As far as we know the validity of such collection stamp has never been attacked. Its purpose is obviously to protect the owner of the draft in case of failure of any of the banks or other agencies handling the collection, by enabling such owner to recover the full amount of the draft as a trust fund instead of being compelled to share as a common creditor in the assets of the failed bank. From a legal standpoint it would seem competent to place this stamp upon drafts, and if banks are willing to undertake the collection in accordance with the instructions given, the stamp should serve a useful purpose.

Our attention has been called to two cases in which it appears this stamp has been used and a claim has been made for a preference in the assets of a failed bank. See *Thomas vs. Motherhead*, 261 Pac. (Okla. 1927) 363 and *Kansas Flour Mills Co. vs. New York State Bank of Woodward*, 256 Pac. (Okla. 1926) 43.

In referring to this indorsement stamp, the court in the latter case has this to say:

"While there is considerable divergence of authority whether the relation between the party

As to Legal Advice

THE National Association of Credit Men supplies answers to credit questions and some of the answers, of general interest, are printed regularly in the *Credit Monthly*. Advice cannot be given, however, regarding legal rights and liabilities. Such advice should be obtained from an attorney to whom all the facts should be stated. When such inquiries are received, information is furnished only as to the general principles of law involved.

forwarding for collection and the collecting bank remains that of principal and agent after the bank has made the collection, or whether it becomes that of debtor and creditor, most of this conflict arises from the particular wording of the indorsement or instructions, or custom, which may be invoked in the absence of particular instructions. In this case, however, the instructions were plainly imprinted on the face of the draft, and notified the collecting bank that it was acting as agent throughout, and that the proceeds of the collection were not to be treated as a deposit and not to be intermingled with the general funds of the bank, thus expressly negating the notion that the relation of depositor (debtor and creditor) should ever arise. When, under these instructions, the New State Bank undertook the collection of this item, it must be considered to have acquiesced in the conditions of its agency. This is elementary. Thus, we have no difficulty in determining that the item, claim, or collection in controversy was, when received by the bank, and continued to be, a trust fund. The difficult question is whether there was a trust fund which, in some form, became a part of the assets of the bank and passed into the hands of the commissioner. There would be no difficulty in tracing the proceeds into the hands of the commissioner if the payment had been made by cash instead of check, for the reason that the stipulated facts show that from the moment of the transaction until the bank was taken over by the commissioner there was at all times in the vaults more than enough cash to cover the proceeds of the draft. *Willoughby vs. Weinberger*, 15 Okl. 226, 79 P. 777."

The Bank Collection Code recommended by the American Bankers Association which has been passed in the nine states of Indiana, Maryland, Missouri, Nebraska, New Jersey, New Mexico, New York, Washington and Wisconsin, contains a provision which impresses the assets of a failed bank with a trust entitling the owner of an item to a preference in the collection proceeds. This Code affords the owners of items the same protection which they attempt to secure for themselves by the indorsement stamp. Additional information on this question can be found in the new *Paton's Digest, Opinion 1590a*, in Volume 2.

CREDIT MONTHLY

When you buy an Ediphone, please mention Credit Monthly



Unavoidable Delay

SUITOR: "Darling, I was going to propose tonight and I wrote out a very pretty speech, uh, and . . ."

SUE: "I know, you forgot to buy the ring?"

SUITOR: "No, the jeweler had to look up my credit rating."

Speedy Trip

BOSS: "What did you tell the Collector who was outside?"

OFFICE BOY: "What you told me, that you had gone to South Africa."

BOSS: "What did he say?"

OFFICE BOY: "Asked when you would be back, and I said after lunch."

And Then He Was Rehired

BOSS: "Smith, you're fired! This is the second time today I've caught you dreaming on the job."

SMITH: "Sorry, Sir,—you see I was thinking if I married that wealthy widow we could make her our best customer."

VISITOR AT HOSPITAL: "Gracious, whatever happened to you my good man?"

PATIENT: "My financial troubles brought me here."

V. A. H.: "I can hardly believe that."
PATIENT: "That's the truth. I was crossing the street to avoid one of my creditors and saw another creditor on the other side. I just stood still and a car hit me!"

WIFE: "Dear, will you write me a check for \$500?"

HUSBAND: "Sure, I'll write one for \$1,000 but who'll cash it for you?"

First Concern

QUESTION: Who was the first person to form a company?

ANSWER: Noah successfully floated a company while the rest of the world was in liquidation.

APRIL, 1930

An Industry Awakens

(Continued from page 13)

riod" and reports the total amount owing by all customers who have unpaid balances extending over this period. This "credit period" does not necessarily coincide with the terms of sale and this report is specifically not a so-called "delinquent list." No stigma is incident to appearing on this Survey. It is intended to review the condition of the receivables within the group and to signal the pyramiding of credit. Recording, as it does, the total amount owing as well as the number of firms holding the credit, opportunity is afforded the various members of the group at interest to take such co-operative measures in regard to each account as the circumstances warrant and their judgment may dictate. Studied from month to month, it also possesses value as an indicator of progress or retrogression. This Monthly Survey is prepared for each group of supply houses as well as for each division of sub-contractors. Through a master-copy, the outstanding indebtedness of general contractors may now, for the first time, be made available.

The National Association of Credit Men has, perhaps made no more valuable contribution to the field of credit, within recent years, than it has in presenting to the great construction industry, a sound, unified, constructive program which can and will tend to preserve reasonable profit for efficient management, and, in addition, reduce the unnecessary credit losses which now are so costly.

Believed What He Saw

FARMER: (Clumsily putting on eye glasses he was contemplating buying): "By Heck, Doc, I see everything double."

WILY CLERK (who desired to sell this particular pair): "Why, Sir, that's fine. Think of the advantages you will enjoy when you go back home. Instead of one farm you will see two. Instead of one flock of sheep there will be two and just think how fortunate you will be having two wives!"

FARMER: (Looking at the Salesman with a queer grin on his face): "Well, I'll take them, how much?"

CLERK: "Only ten dollars."

FARMER: (Taking a five dollar bill from his purse): "Here you are, Sir, Ten Dollars!"

Sure Enough Humor.

When you buy insurance, please mention Credit Monthly

JOHN HANCOCK SERIES

What are You doing about Group Insurance?

TODAY more than 6 Million lives are protected by approximately 9 Billion dollars in Group Insurance, the greater part of which is based on the co-operative effort and cost-sharing of employers and employees.

This is real cooperation in a practical way. Employers of industry who are interested in this subject will want to read our booklet, "Management, Men and Motives." May we send you a copy?

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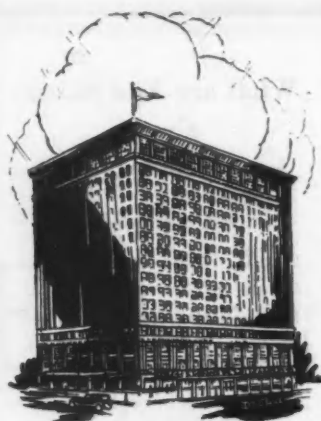
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The Baker Hotel is indeed pleased to be host to the National Credit Men's Convention and we shall do everything possible to make your stay with us both pleasant and profitable.

THE BAKER HOTEL
T. B. Baker, Pres.

Is Japan a Good Credit Risk?

(Continued from page 15)

keep the money and the goods. All I want to know is what kind of person I am dealing with."

The dealer paid up half, promised to pay the rest within sixty days, and placed another order (which was not executed until the balance was paid—and it was), and both company and customer remained the best of friends.

A knowledge of Japanese is a great help in lessening the credit risk in Japan. It is also a safeguard, for trading in that country is admittedly difficult on account of the different mentality of the Japanese commercial section. For this reason one has to be doubly cautious. A speaking knowledge of Japanese, which is not so difficult and does not take so long to acquire as it is generally imagined, enables one to understand the Japanese merchant's (or dealer's) thoughts, intentions, and real meaning. He seldom expresses in English or through a "Banto" (interpreter) his real thoughts especially if he is of a different opinion.

The "Banto" is the principal factor in the organization of most foreign firms established in Japan. Through him all business is transacted with the Japanese. When a dealer comes to the office when orders and collections are to be handled conversation is carried on with the Banto as interpreter and intermediary. "Bantos" in Japan are seldom reliable, for they generally take the part of the dealer, who, more often than not, is well acquainted with the "ins" and "outs" of one's business through his friendly relations with the Banto and Japanese staff in general, most of whom know English well enough to follow a conversation.

Many firms in Japan—including Banks—both foreign and Japanese employ in their account departments Chinese, believing them more reliable and also because guarantees can be asked and obtained from them.

Japan is an excellent market for a large variety of articles and commodities, and provided due care is taken in adhering to safe terms and studying the market and conditions, the Japanese market can be very profitable to the manufacturer and the exporter of all kinds of merchandise and products. But to take chances by giving credit to any Japanese firm that writes good and business-like English, offering to buy large or small quantities, but asking for "facilities" would be taking too great a risk—in fact, as explained above, quite an unnecessary one. Although

credit terms are established, the risk is always there or hovering in the background when business is transacted even with the best of Japanese firms in Japan. The cause for this is that the majority of the Japanese in business cannot stand the idea of taking a loss. A conservative policy when dealing with Japan pays and leads to no loss of business. It also brings greater respect and less risk with more real business.

Scientific Production Control

(Continued from page 23)

In General Motors we have, for some years past, recognized the necessity for an added control which would enable us, in addition to measuring the retail flow of cars, to measure the effect of this movement on the financial position of the dealer.

Our convictions in this direction assumed tangible form three years ago with the organization of a new subsidiary, the Motor Accounting Company. Through this new organization we are well along with the tremendous task of installing uniform accounting practices throughout our dealer organizations, and this activity will, in time, make it possible for every General Motors dealer to budget his various departments and control his business along the same scientific lines that we have successfully employed in controlling the various companies comprising the General Motors institution.

In addition to this our Divisions will be able to bring to the individual dealer composite statements showing the average performance, by departments, of dealers operating under similar conditions. And last, but not least, it will enable us to follow the trend of the operating position of our entire dealer body and serve as a basic guide in the formulation of our policies.

Thus, our present system of gauging production on the basis of retail sales will be amplified by a parallel series of data providing a true reflection of the effects of the retail movement upon the financial position of our dealers.

The automobile industry is no longer a business of manufacturing and wholesaling. It has become a business of retail merchandising, and the strength and permanency of any producer must be measured in terms of the strength of his retailing organization. No policies or practices can survive which do not definitely reckon with the equities of the dealer and the intricacies of his operating position down to the last detail.

CREDIT MONTHLY

Credit and Business in New Poland

(Continued from page 22)

pleted, the Ambassador conducted me through the Embassy, showing me the way in which the reception rooms and living quarters were organized for the most efficient administration of Poland's affairs in America. In the ballroom of the Embassy, were two striking pictures by the famous Polish painter Kossak, one of Marshal Pilsudski and the other of General Pershing. All the time he was showing me through the Embassy, Ambassador Filipowicz made pertinent comments on Poland and her future relations with the United States. The American business men's relations with Poland will be greatly facilitated through the work and services of the first Polish Ambassador for he practices that hardest of all diplomatic tenets—"the golden rule on an international scale."

Credit Risks in Road Building

(Continued from page 26)

be some way to work out the situation with minimum loss, if any. Too frequently contractors fail to do this and they become involved beyond hope of rehabilitation, the blow falls and the material man finds himself facing a loss unexpectedly."

Because many contractors fail to co-operate with the credit man as they should, he is often placed in the same position as an old negro was placed when a bank at which he kept his deposits failed.

A bank in a small southern city was experiencing a heavy run. Toward the middle of the day, just as the old negro in the long line of depositors, reached the paying teller's window, word came from the Cashier to suspend payments. The cash was all gone and the bank had to close. The Teller slammed his wicket shut, the long line, grumbling, gradually broke up and passed out of the building. All but the old negro. He apparently did not intend to give up without a struggle. Summing all his courage he rapped gently on the glass of the cage. No response. He rapped again, and still no answer. Once more he tapped. The Teller flung the wicket open. His nerves were ragged with the strain of the past few days. "What's the matter with you?", he shouted. "This bank is closed, busted. Didn't you ever hear of that before?"

"Yas, suh, boss, ah done heard bout sech things, but dis am de fust time ah evah had one bust in mah face."

The extension of credit to road builders and contractors is filled with unusual difficulties and dangers and probably presents one of the most precarious risks in the credit field. A thorough understanding of the road builder's habits and problems is an absolutely necessary background for the extension of credits to this class.

What's Wrong With It?

(Continued from page 27)

Credit Control Plan, as developed by the National Association of Credit Men, is of vital significance to the building construction industry.

Several groups, who have made progress in establishing Credit Bureaus for their own branches of industry, seem a little afraid of the plan. There is absolutely nothing, according to my understanding of this credit plan, which contemplates injury to any existing groups who consider it desirable or advantageous to themselves to continue operating their present credit bureaus.

The Co-operative Credit Control Plan contemplates a broader source of information regarding the credit standing of those engaged in the building business. It will also make available to all properly interested parties, the complete and true picture, so that no group participating can be made the dumping ground for bad accounts without the knowledge of the others, and so that the architects, owners and financial interests, municipalities and school boards may assume a rational attitude toward habitually below cost bidders without financial stability.

A bureau which includes dealers in only one type of supplies, may do much toward helping the members of such a Bureau to collect their bills, but if the contractors can pay these bills and dump their underestimated costs and overhead into growing accounts payable to those groups from whom they buy the other types of supplies they use, no real contribution is being made toward correcting the basic evils of the industry largely covered by below cost bidding.

We hope that the material groups will see the wisdom of this broader view and this inclusive plan which over a period of time will give them an increasing instead of decreasing number of financially sound customers.

Unfortunately, there are many con-

"... the fullest, most discerning description of how the credit crook works yet written!"

DR. F. A. FALL
in The Credit Monthly.

How to Correct CREDIT ABUSES

By MORRIS MARKS

Introduction by Dr. Frank A. Fall,
National Ass'n of Credit Men



HERE is an invaluable book for everyone interested in cutting down credit losses. It is the first complete description of all the various schemes the credit crook uses; and a concise,

accurate explanation of how each scheme may be recognized and defeated.

Just what to do in case of fraudulent bankruptcy, how to detect false financial statements, when composition is advisable, how and when to institute criminal and civil suits, are but a few of the subjects covered, and illustrated from recent specific cases.

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CMBJ

APRIL, 1930

When you order "Credit Abuses" please mention Credit Monthly



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Every guest room is outside, with bath, running ice water, bed-head lamp and Servidor. Each floor has its own housekeeper and the hotel's garage has extensive facilities for car storage. Rates are extremely moderate—\$2.50 up—because valuable subleases at this location pay all the ground rent and the saving is passed on to the guests.

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Stores, Offices, Theatres,
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The New Morrison,
when completed, will
be the world's largest
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3450 rooms

tractors in the various lines who look at an inclusive credit plan with suspicion and fear, believing it is a scheme to put those who owe a considerable amount of money out of business and that it is entirely for the benefit of those contractors who have been able to pay their bills through these strenuous times. It is the contractor who has gotten himself into a precarious financial condition trying to compete with below cost bidding, who needs this plan to correct that condition more than any others. Reasonable provisions for taking care of old past due accounts are in the plan and it provides a new chance for the man who resolves to carefully figure his labor, material and overhead costs.

The putting into effect of such a plan is a real task, requiring not only great patience, but hearty co-operation. It is easy to put obstacles in its way which will delay, if not defeat its culmination. However, if we all are determined that its value is of much greater importance than some slight adjustments to our particular pet plans, success can be attained.

Hamilton — Genius and Financier

(Continued from page 31)

those who pursue an opposite conduct."

All the recommendations of the Report were finally accepted. The immediate result was a rise of fifty per cent. in the value of government securities, followed by a very real increase in the prosperity of the country. Hamilton followed up this advantage with a second Report on Public Credit in which he brought forth his plan for a National Bank. As has been said above, the idea of a bank as a repository for an individual's money was exceedingly abhorrent to the majority of Hamilton's contemporaries, and he had to fight hard to put through this plan for further stabilizing the public credit.

The Bank was to have a capital of \$10,000,000, invested by a number of incorporated subscribers. The corporation was to issue 25,000 shares, each with a par value of \$400. The government was to be a subscriber for \$12,000,000 and was to require in return a loan of \$2,000,000 which it would repay in ten yearly instalments of \$200,000. The rest of the capital stock was to be open to the public. The bill for a National Bank passed both Houses after a hard struggle and Washington's approval made it law.

The organization of the Bank was

followed by a period of wild speculation in government securities and the stock of the new Bank, and several large failures resulted. Hamilton inaugurated at this time the practice of buying government loan certificates in various financial centers, raising the price of the securities and strengthening public credit. The country rode the storm very well.

Hamilton next turned his attention to strengthening the country's manufactures. He urged in his Report to Congress on Manufactures that the country's infant industries be protected by a high tariff wall. The measure was passed amid a storm of protest from the Southern planters, and from Hamilton's political enemies, led by Jefferson, who branded every one of his ideas as unrepugnant and monarchistic. A striking example of the kind of opposition which Hamilton encountered is the scheme of Jefferson's party to demand an accounting of the national finances from the Secretary of the Treasury, on the pretense that Hamilton was suspected of embezzling the government's money. Hamilton worked day and night for weeks and produced an accounting of the receipts and expenditures of the government which confounded his enemies. But precious energy was thus lost for creative, constructive work.

In 1795, Hamilton retired from the Cabinet. During the next nine years, he worked hard to reestablish his law practice, but he still continued to advise the President, and was as ever the power behind the Administration. However, Adams, who succeeded Washington, though a member of the Federalist party, resented Hamilton's leadership as much as Washington had welcomed it. Thus, there was dissension within the party, and Hamilton had to put forth extra effort to keep his ideas uppermost.

Hamilton, like all great leaders, was ardently loved and as ardently hated. One of his enemies, Aaron Burr, whom he despised for playing a crooked and selfish political game, and whose ambitions he constantly thwarted, challenged him to a duel with pistols, and killed him—Hamilton, himself, having refused to fire on his opponent. He was forty-seven years old when he died.

The career of this extraordinary leader was brought to an abrupt close. He left behind him as a living memorial a nation which he had organized and set on the road to prosperity, and whose growth has been along the lines which he himself marked out.

CREDIT MONTHLY

When you reserve a room at the Morrison please mention Credit Monthly

"Thees Credit Man"

BY SPENCER C. GUNN

Mr. Spencer C. Gunn is Assistant Treasurer of the A. P. W. Paper Co., Albany, New York. This poem was read at the Fifteenth Anniversary meeting of the Albany Association.

"The credit man?" Antoine, he smile—
"Sure! I know heem!" he say
"He has a face long as a mile;
He know one word; it's 'pay'!"

I give an order to salesman
He strong for me, you see;
But credit man, he say 'By damn,
That bum is rated D.'

He has a book—two books, no fool,
The salesman showed me one.
He must a waste hees time in school—
The books they weigh a ton.

He telephone and say 'The book
Don't show you got the cash.
Come up and let me have a look;
I think you go to smash!'

I call my woman down the stair—
(She make fine clerk, my Rose)—
I tell her what is in the air;
She say 'Go punch his nose.'

I go up to thees store of mine.
The salesman, he is there;
He say 'Antoine, you're lookin' fine'
He give me beeg seegair.

He take me to the credit man—
He tell heem what my name.
The credit man, he take my han'
He say 'It look lak rain.'

He ask me all about my book,
My stock, how much I owe—
My cap-i-tal, until it look
Like I will never go.

I try to get heem off the track—
My head, it start to zoom.
But credit man, he after fac—
He keep me there till noon.

He lak to know about my wife,
If she good business man.
I tell heem all about my life
Since I left old home land.

It make me think about the day
I live above the line—
Of feesh and hunt and make the hay
With my old man, Antoine.

Of sweeng the ax and drive the log
The winter and the spring;
Of sail the boat in damn beeg fog—
Of wild gonne on the wing.

Take hold his hand, look in his eye,
Make talk and listen, too,
And be surprised to find, bimeby,
He's just the same like you!"

The credit man, he ask no more,
He wait for me to speak
Of ocean roar on rocky shore—
Of salmon in the creek;

Of deer and moose and wild a cat,
And maybe beeg black bear,
And fighting hongry wolf with gat—
I make stand up hees hair.

He say, 'Antoine, some aunt of mine
Live up by Montreal,
Maybe you know Honore Jesdine;
Her man he truck and haul.'

By garl', I say, 'I know her well,
I know her husban' too.
His son he marry cousin Nell
Up by the Richelieu.'

Then credit man, long talk he made
About his familie—
The place he lived, the tricks he played,
Till it was half-past three.

At last he say 'I send the can.'
'Don't worry,' I say, 'about me.'
He smile the same like the salesman—
I smile the same as he.

So then I go back on my way,
And sure catch hell from Rose.
'Mon Dieu!', she say 'It take all day
To bust heem on the nose?'

I make a lie—no use to tell
About thees credit man.
How I like heem and he like me,
She would not understan.

The credit man and grocer man
I think make great mistake.
They start the same, they end the same,
They get 'bout even break.

They work, they play, they have their wife,
And maybe children, too.
They have their home. It is their life
With frens—the old and new.

But when they got beezness some day
With man they do not know,
They phone or write. That is the way
About thees job they go.

When maybe they could take their hat
And go to thees man's door.
Just put their feet beside his feet
Upon the ver' same floor.

One Minute Before 12 May 16th

The Zero Hour to
go over the Top with
the Post—Convention
Tour of the National As-
sociation of Credit Men.

The goal is
Matamoras, Mexico

On the way you will see the famous Alamo; lunch in a world famous Spanish cafe; take a sixty mile drive through the Rio Grande Valley; listen to a renowned Mexican string orchestra; visit the thirty-million-dollar ship canal connecting Houston with the Gulf of Mexico; a chance for surf bathing in the Gulf of Mexico. These are only a few of the unusual opportunities you will have a chance to enjoy.

ALL FOR SIXTY
DOLLARS!

The sixty-dollars includes a lower berth, meals and sight-seeing excursions. Here is a five-day trip, visiting unusual places, experiencing new pleasures and generally having a fine time with your fellow members.

Mr. William Walker Orr, Sec.
New York Credit Men's Ass'n
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New York City

wants to send you the details
of this trip. Write early and
make your reservations.

MAY IN MATAMORAS

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Conducted by
Frank A. Fall, Litt. D.
Director of Education and Research
N. A. C. M.

THE BUSINESS LIBRARY

Measuring Business Factors

BUSINESS STATISTICS. Joseph Lyons Snider, Ph.D. McGraw-Hill Book Co., Inc., N. Y. 1929. 524 pp. \$5.00.

While this book is planned to serve primarily as a textbook in college and university courses in business statistics, it will be welcomed by business men because of the light it throws on a subject many of them are disposed to consider so abstruse as to be beyond the understanding of ordinary mortals.

After an introductory chapter on the sources of business statistics, Dr. Snider deals consecutively with a number of commodities—leather, automobiles, petroleum and gasoline, iron and steel, the non-ferrous metals and cement. He also devotes special chapters to agriculture, the railroads and building construction.

Much of the material is provided by competent collaborators. For example, in the chapter on non-ferrous metals, Arthur B. Parsons, vice-president of the Mineral Research Corporation, provides articles on copper and tin. L. H. Bean and W. F. Callander of the Department of Agriculture and D. W. Russell of Swift & Company contribute to the chapter on agriculture.

Other collaborators are William J. Cunningham on railroads, W. F. Maxwell on the volume of manufacture, Ernst and Ernst on commodity inventories, Q. F. Walker on retail trade, R. M. Eastman on regional business activity, W. Randolph Burgess on the Federal Reserve system, J. B. Hubbard on open-market money sales, L. H. Sloan on the measurement of security prices, and W. M. Persons on general business forecasting.

From many quotable passages in this book, we select two paragraphs from Chapter XVI on "Retail Trade," by Q. F. Walker, economist on the staff of R. H. Macy & Co. of New York. "Modern merchandising," says Mr. Walker, "necessitates a substantial amount of speculation on price movements. The large scale retail business often finds it expedient to place orders several months in advance of the time of required delivery. Such forward buying assures a supply of the wanted merchandise at the proper time and generally makes possible more favorable prices than can be obtained on small, recurrent orders. The movement of wholesale prices between the time of purchase and sale is particularly important to the merchant. If he has erred in his judgment of prices, competition forces him to adjust his selling prices by mark-downs. If his judgment has been sound,

THIS MONTH'S BUSINESS BOOK

HOW TO CORRECT CREDIT ABUSES. Morris Marks. Harper & Bros., N. Y. 1930. 224 pp. \$3.50.

The message contained in this book was fairly begging to be written. For many years credit managers, and particularly those included in the membership of the National Association of Credit Men, have been fighting credit abuses. Considerable progress has been made, but there is much still to be accomplished, and Mr. Marks' book will certainly help toward the completion of the job.

It is probably not plagiarism when one quotes from his own writing. The reviewer, who wrote the Introduction to this book, said therein that the volume contains "the fullest, most discerning description of how the credit crook works that has yet been written." The so-called "crooked bust" is undoubtedly the worst of all credit abuses, and Mr. Marks knows the devious tricks of the credit racketeer from start to finish.

Ever since the old days of the "Investigation and Prosecution Department," when C. D. West was acting as the Association's chief investigator, Mr. Marks has been actively co-operating with the national campaign to put the credit crook out of business. When "credit protection" was substituted for "investigation and prosecution" in the Association terminology, he continued his loyal and effective support of the work.

The first three chapters of "How to Correct Credit Abuses" present a general background of credit principles and practice, preparing the way for the treatment of bankruptcy and credit frauds which constitutes the body of the treatise. Chapter IV deals with business failures, and the author then goes on to discuss comparative bankruptcy systems, procedure in the United States, and abuses of the American system.

Chapter VIII deals with "Credit Fraud and Bankruptcy," and succeeding chapters are devoted to "The Problem of Fraudulent Bankruptcy," "Civil Redress for Commercial Fraud," "Criminal Fraud," "Cases Prosecuted under State Acts," and "Federal Fraud Prosecutions."

In a brief concluding chapter, Mr. Marks says that while credit managers should take extreme precautions to keep their claims from being used as pretexts for throwing solvent firms into bankruptcy, when a bankruptcy occurs and there is evidence that credit confidence was abused, no obligation should press more strongly on the credit manager than to mete out punishment for the offense.

The accepting of such losses, Mr. Marks asserts, with nothing more than a spasm of indignation and with no effort made to punish the offender is injurious to the credit stability of the nation. When a credit manager is

he may have a decided competitive advantage over and above the saving obtained merely by the quantity purchase discount."

"In reaching a decision regarding the advisability of advance purchases of merchandise in which staple raw material costs are important, statistical analysis is very helpful. If there are large stocks of silk hosiery in mill hands and there are strong statistical evidences of substantially lower raw silk prices, extensive forward orders at current market prices would be most unwise. If higher wool prices are in prospect increased purchases of wool blankets at the beginning of the season may be advisable. Raw cotton may be low in price, but mill over-production of goods may force finished goods below reasonable replacement costs. Innumerable statistical and non-statistical factors must be considered in making a buying decision, but the skilled operator who acts on facts and not 'hunches' always has decided bargaining advantages."

A Business Dictionary

CROWELL'S DICTIONARY OF BUSINESS AND FINANCE. Thomas Y. Crowell Co., N. Y. 1930. 601 pp. \$5.50.

The original edition of this Dictionary (1923) has been a much used deskbook in the Department of Education and Research of the National Association of Credit Men for several years. In the new edition, which is the third printing, many terms have been reset and some obsolete material has been deleted.

Part I (pages 1-538) is made up entirely of definitions of business and financial terms with cross references. Part II (pages 539-601) contains a general description of monetary systems and units; a detailed description of the monetary system of the United States; a table of foreign monetary units with their equivalents in U. S. money; postal information; a list of legal or public holidays; a limitations table; various interest tables; an income table; a list of weights and measures tables of equivalents; and a glossary of signs and abbreviations.

About six pages are devoted to definitions of words and terms used in the field of credit. For example, the following are given under the general heading of "Creditor":

Bankruptcy Creditor—Includes "Any one who owns a demand or claim provable in bankruptcy, and may include his duly authorized agent, attorney or proxy."

Bond Creditor—A creditor whose claim is secured to him by a bond.

CREDIT MONTHLY

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Judgment Creditor—A creditor whose claim has been reduced to a judgment against his debtor.

Petitioning Creditor—A bankruptcy term for the creditor who has filed a petition requesting the Court to make his debtor a bankrupt.

Preferred Creditor—A creditor who is entitled by law to have his claim first satisfied from his debtor's assets. The holder of a first mortgage or other prior lien is a preferred creditor.

Secondary Creditor—A creditor whose claim is second in priority of lien.

Secured Creditor—A creditor whose claim is secured (payment of it is insured) by a pledge of property or by a lien.

Unsecured Creditor—One who has no collateral security, lien or means by which to realize on a debt due him from an insolvent or bankrupt, or another.

At the beginning of the section on credit, there is the following statement: "In itself, credit is a compound of belief, faith, and reliance in and upon personal integrity and financial responsibility. As defined in law, as a noun it is a transfer of money, goods or valuable in confidence of future payment and generally accompanied by a written promise to pay, although in small transactions the promise may be oral. Defined as a verb, credit means to loan, sell or to trust in confidence of future reimbursement. But however asked and granted, the basis of credit is mutual belief, faith and reliance upon personal integrity and financial responsibility. As defined in the textbooks, credit is a means whereby the resources of one person are made available to another, generally for employment in business; a power in a person to obtain and command value or assistance; an intangible or an invisible asset; an expedient whereby the employment of money in a transaction is avoided. Credit is the basis of all loans, and coupled with money is the basis of all business. More than ninety per cent. of mercantile transactions are credit transactions."

This Month's Business Book

(Continued from preceding page)

notified of a bankruptcy it is his duty to follow his claim through, to see that the debtor turns over his entire estate to the trustee, and attend all creditors' meetings. When there is evidence of fraud, he should see to it that no dishonest debtor receives a discharge from bankruptcy.

If results are to be gained, the author concludes, it is impracticable to play the game alone. The credit manager is a member of a large fraternity. Individual growth is impossible without mingling with others and exchanging ideas. This is the way to progress.

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Credit executive, 43 years of age, with good health and eleven years' experience in credits and collections in wholesale hardware and allied lines, desires a connection with a large manufacturer or jobber with good opportunities for advancement. Applicant has just completed the National Institute of Credit Course and can give as many references as may be necessary. For further information address Box 9 PW, Credit Monthly, 1 Park Avenue, New York, N. Y.

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Are you looking for a thoroughly experienced credit executive with an exceptionally successful record and experience in purchasing and financing? A-1 references as to his ability are procurable. Get in touch with him by writing to Box 7 PW, Credit Monthly, 1 Park Avenue, New York City, N. Y.

WANTED POSITION

Comptroller, auditor or credit manager, with large corporation in the East, college graduate, age 39, with vast experience. References are the highest—C.P.A. For further information write Box 10PW, Credit Monthly, 1 Park Avenue, New York City.

AVAILABLE YOUNG CREDIT EXECUTIVE

Sixteen years' experience manufacturing business, clothing and textiles, credit sales, office management and advertising. Thirty-three years of age, university and business college graduate—married. Checked credits to over 4000 accounts a season to a yearly volume of from one to six million dollars. Character and business references past and present, the highest. Consider any location—compensation can be arranged. Full particulars by writing to Box 8 PW, Credit Monthly, 1 Park Avenue, New York City.



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now being erected at
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Cutting Expenses

50%

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Upon his return the customer discussed this method of financing with the Irving Trust Company which explained to him that an Irving credit would reduce the expense by at least 50%. Accordingly, the original arrangement was cancelled and a revolving credit of \$25,000 monthly was established with the foreign bank by this Company. This has operated with satisfaction to all concerned.

The Irving Credit effects a considerable saving for this customer. It eliminates the need for him to carry a cash balance abroad. It reduces risks to a minimum. It assures prompt and correct payments.

The advice of officers of Irving Trust Company is available at all times to customers seeking the most economical methods of financing foreign trade.

IRVING TRUST COMPANY

Out-of-Town Office—Woolworth Building

New York

APRIL, 1930

When you utilize the services of Irving Trust, please mention Credit Monthly

Keep Your Chin Up

By H. E. Chasmar

Life is like a poker game—
Most anyone can win when he gets
the cards—

The real player is the one who can
play the game when the breaks are all
against him—

The breaks in life may have been
against you but—

If you whine or quit, it shows you
aren't fit to sit in a game with real
men—

In life, as in poker, the thing to do

is to play 'em as they fall—

Don't welch—

Don't whine—

Play the game—

Don't crow when you win—

Don't bellyache when you lose—

There's no credit to you in winning
when you get all the breaks—

There is when they are all against
you—

Life's a fight—

It's up to you to win it or be counted
out

As a discard—

Keep your chin up, but fight—win,
lose or draw.

Turning Merchandise into Accounts



What Protection, THEN?

You can, and do, insure your plant and raw materials against loss by fire. You protect your payroll against theft with hold-up insurance. All through the manufacturing process, your merchandise is protected. But, after this merchandise is turned into accounts receivable, what protection have you?

Your product passes entirely out of your hands 30, 60 or 90 days before the date of payment. Anything can happen in 90 days.

American Credit Insurance

is what you need to absolutely and scientifically protect you against these "interim" uncertainties and dangers. Thousands of representative Manufacturers and Jobbers, through their Credit Departments, are now benefiting by our broad, comprehensive Service. Share their peace of mind and freedom from abnormal loss. Write or phone for the whole story.

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Atlanta, Milwaukee, etc.

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When taking out an American Credit policy please mention Credit Monthly



JAMES E. SMITH

Rochester Opens Collection Department

THE Collection Bureau opened by the Rochester Association of Credit Men on April 1 brings the total number of official N. A. C. M. Adjustment Bureaus to seventy-five. As there has been no Collection Bureau between Buffalo and New York, the organization of the Rochester Bureau fills a long-felt need and will undoubtedly render great service both to local credit men and to credit men of firms all over the country who do business in Rochester.

The Rochester Bureau, which is called the Rochester Credit Men's Service Corporation, has offices at 1137 Mercantile Building, and the collection department is in charge of James E. Smith, formerly manager of the collection department of the Credit Interchange and Adjustment Bureau, Inc., at Charlotte, North Carolina.

Special services are available to Rochester members, including a free demand letter and personal office service. The directors of the new corporation, acting for the association are: Harold H. Kase, Freeman C. Allen, Jacque L. Meyers, Walter H. Lapham, and George Burns.

Rochester expects to become an active link in the N. A. C. M. chain of collection departments.

CREDIT MONTHLY



Taking the Initiative

Your editorial regarding bill HR5634, I think is a very good one. You will find enclosed copies of letters written to our Congressman and Senators of this district.

Our association should take the initiative in all matters of this kind. We can make the association stand on a very high plane. The March number of CREDIT MONTHLY was the best ever published. May I congratulate you on this number and hope that the good work will be continued.

H. E. ENGSTROM
G. Sommers & Co.

St. Paul.

Another View on Russia

The article by Harold Winchester of the J. B. Lyon Company, Albany, N. Y., that appears in the March issue of CREDIT MONTHLY is very interesting.

Supposing that we grant that over a period of years, many of the Soviet Government plans may work out just as they anticipate. Supposing credit men are even assured that all contracts will be followed to the letter and that all invoices will be paid in full. Isn't it just possible that we are entirely overlooking certain well-known facts if we are seriously considering doing business with the U. S. S. R.?

One must believe that Russia is not placing orders or entering into contracts from which she expects no profit. Should we then help them along in their efforts to become powerful enough to make our country a part of their vast scheme? Are we to think only of the immediate dollar profit? Have we no sense of a possible patriotic duty to our country and to our prosperity?

Credit men are supposed to be analysts. Let's do some real thinking and analyzing before we approve orders or enter into agreements with the United States of Soviet Russia.

C. L. BONSON
The Allen-A Company

Kenosha.

Sales and Collections

(Continued from page 34)

around three years to complete, sales, collections and real estate outlooks in this section are excellent.

NORTH DAKOTA: Conditions in this section are due, to a large extent, to poor roads and late snows. There is also a low price in farm products.

PENNSYLVANIA: Collections around Johnstown, Pennsylvania, during the first three months of 1930 are as bad as have been experienced in many years. The territory within a radius of twenty-five miles of New Castle has particularly slow collections because this section is largely dependent

on the steel industry which shows considerable unemployment here.

TENNESSEE: In Tennessee, and bordering States, there is an unusual amount of "hand to mouth" buying, reports show. Collections in Eastern Tennessee are fair while those in Northern Georgia and Northern Alabama are slow. The report comes from Knoxville that general improvement is expected within the next few weeks as Spring construction of roads and buildings is just getting under way.

TEXAS: Forced liquidations in Texas are more numerous than in any

period since 1920-21. Large crops of wheat are anticipated around Amarillo, but observers state that "they'll have to burn it to get a price". In Fort Worth, Texas, building permits are in excess of the same period last year with two twenty story buildings under construction at the present time. In this vicinity, according to reports, there is less unemployment than at any time for the last twelve months. Sales in Fort Worth territory for January were the smallest for any January since 1913. February showed an increase in Sales in a few lines over 1929 Sales.

Ask Those Who Use It

"If we only had had
Credit Insurance!"

You hear this remark in
many treasurers' offices
today. No one can be
sure of the future.

CREDIT INSURANCE LONDON GUARANTEE & ACCIDENT COMPANY LTD.

Head Office: 55 Fifth Avenue, New York City

Oliver J. Matthews, Mgr. Credit Insurance Dept. J. M. Haines, United States Manager

APRIL, 1930

When taking out a London Guarantee policy, please mention Credit Monthly



IN THE MODERN OFFICE

An idea and experience exchange on equipment, system and management in the modern credit and business office.

Keeping Track of Notes Receivable

Binghamton, New York.—We have a considerable number of accounts that are closed by notes. In order that we may keep an accurate record of these notes, and that they may come up for attention when due, we maintain two sets of card files.

On a Tickler card, 4 x 6 inches, is entered the name of the maker and the date of the note. These Tickler cards are filed in a calendar file which brings them to our attention when they fall due. We use these cards to record not only Notes Receivable but also Notes Payable. We file a card for each obligation we ourselves owe.

On another 4 x 6 card, ruled horizontally, space is provided for all the necessary data: name of maker, address, endorser, date, term of note, amount of note, rate of interest, when due, where payable, where discounted, and any other pertinent facts. In the upper right hand corner of the card, the letters T, J, and C appear. A check opposite T means that the note has been entered on a Tickler card, a check opposite J means that the note has been entered in the Journal for credit to the customer's account. The letter C is checked when the note has been paid and entry of the payment made in the Cash Book. These Record cards are filed alphabetically.

Five days before the note is due, the customer is sent a reminder in the form of a Notification card, 3½ inches x 5½ inches, on which appear the name of the maker, the amount due with interest, and the place and time appointed for payment.

A. A. KILMER
John L. Morgan Co.

In Touch with Accounts

Rochester.—One of the most novel forms recently introduced in our Credit Department is the questionnaire illustrated, the object of which is to enable us to keep up to date on the progress of accounts subsequent to the date of the previous inventory.

In my opinion, the interval between inventories, which are taken by most of our customers annually, is entirely too long to enable us to keep in close touch with such accounts as the circumstances require. In a twelve months' period, a great deal can develop in the situation of a retailer which, if unfavorable, might not be known to the credit department of the manufacturer until too late to apply remedial measures or to take steps to safeguard the manufacturer's interest.

The questionnaire itself is sufficiently simple so that any retailer can readily

supply the required information without great effort and for that reason, there is a very large percentage of response to requests for this information. With a large number of such accounts it is our practice to require this information monthly.

Sales and expenses in particular offer an opportunity for developing expense percentage figures from which it can be readily ascertained, even without inventory, whether the retailer is apt to be netting a profit or otherwise. The comparison with the previous year is likewise most valuable and shows trends which are of the utmost importance.

It is our policy to post the information from these blanks to sheets ruled in columns so that information covering a period of months can be readily referred to.

JACQUE L. MEYERS,
Michael, Stern & Co.

DATE 19

NAME

CITY STATE

CREDIT MONTHLY

Pay-Roll Records

Newark.—Our pay-roll records are machine-controlled. Each shop employee rings "In" and "Out" on a master clock each day, aside from the reporting of work performed, which establishes the number of hours an employee has worked during the week.

As an employee is assigned a job, he or she is given a tabulating machine job card, on which the clerk in the Dept. indicates the order number and the type of work to be performed by the operator. The operator rings "In" on a periodograph clock and rings "Out," when the job is completed, the lapsed time between indicating the time the employee is on the job. At the end of the day, these job cards are delivered to the Cost Department and at the end of the week the master clock card is used to check against the individual job cards. The total of these job cards should indicate the number of hours and minutes the individual has worked as shown by the master clock card, which establishes the time control. From the job cards, the pay an employee is entitled to is translated into dollars and cents, which becomes the pay roll record.

Since each job card indicates the job number, these cards, when punched by tabulating machine punch operators are sorted and tabulated for account distribution, the total of which, when broken down into its various units, must tally with the departmental pay roll totals. Our pay roll records are then cleared into accounting records.

Material Requisitions are issued on the standard material requisition form. The part number and the job number are punched on tabulating cards for account distribution and for crediting the various classes of stock for the stock withdrawn. This applies also to the replenishment of stock when stock is received.

Since the introduction of the Stevens Point System, our pay roll performance has become more involved, with the result that we have installed a number of calculating devices, by means of which wages of every description covering various conditions are determined, greatly facilitating the speed with which calculations can be made.

In the Pay-roll Departments we use calculating machines.

E. R. Mellen,

Weston Electrical Instrument Corp.

Carbon Copy on Reverse of Letter

Marietta, Ohio.—There is a method which we use in our Credit Department which may be of interest to other Credit Men. We use the reverse side of letters received in making carbon copies of our answers to these letters. The main advantage of this procedure is that the letter and the answer are on the same sheet of paper, and time and space is saved in the filing of correspondence. There are but few letters received on smaller than the regular 8½ x 11 size stationery. We use smaller letters by placing them crosswise in the machine.

A. P. THOMAS

The Leidecker Tool Company

Continuous Form Writer

A new Continuous Form Writer enables a clerk to write 1,000 complete sets of forms, without stopping to make any adjustment to the machine or the carbons. The forms come in continuous strips, interfolded and perforated, with each copy in perfect register. There are 1,000 sets of forms in a strip and the continuous form writer

writes them all at one loading. It uses continuous ribbons of carbon paper in 500-foot rolls sufficient for the writing of 5,000 complete sets of forms.

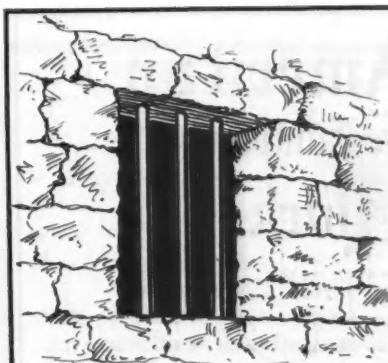
Once the ribbons are placed in proper position between the various copies in the machine, they are not even touched again until a thousand sets of forms have been written and a new strip of forms is to be fed into the machine.

The continuous form writer will write within ⅞ inch of the top of the form and all the way to the bottom. It handles forms of any depth from 2 inches up and of any width up to 11¼ inches.

The machine is so small and compact that it fits perfectly the needs of the average small office. It fits on any typewriter table or desk with no need of extra furniture. It accomplishes a saving in time of 30 to 50 per cent. over other methods and a saving of 50 per cent. in carbon paper costs.

With this machine a hundred sets of forms can be written in an hour.

All the carbon impressions are clear, whether two or more copies are made.



They were
thrown into
PRISON

Years ago when a man "got behind" he was thrown into prison. Just how he was expected to pay his debts while in durance vile no one has ever been able to explain.

Today we are careful to make sure that the firm or individual asking credit will be able to pay the bills contracted, that his investment is protected by insurance in strong companies — the Aetna Fire Group for instance.

AETNA INSURANCE COMPANY
THE WORLD FIRE AND MARINE
INSURANCE COMPANY
THE CENTURY INDEMNITY CO.
HARTFORD, CONNECTICUT



APRIL, 1930

When you take out an Aetna policy please mention Credit Monthly

One Month's Convictions

Credit Protection Department of the National Association of Credit Men

JANUARY, 1930

CASE	INDIVIDUAL	CHARGE	SENTENCE
M. & H. Block Company, New York City.	Block, Morris Block, Harry	Concealment of assets and conspiracy	1 year suspended 3 months & 1 year suspended
H. Sheinbaum, Inc., New York City.	Sheinbaum, Herman	Issuance of a false statement	Sentence deferred
Danis Pardekas, Ipswich, Mass. (Dry Goods)	Danis Pardekas	Concealment of assets	Suspended sentence; placed on probation for 1 year
Helm & Co., Binger, Okla. (General mdse.)	J. Wayne Helm	Violation Postal Laws	Fined \$200 (To pay creditors in full)
H. C. Bay Co., Bluffton, Ind. and Chicago, Ill. (Pianos)	H. C. Bay Lawrence P. Brandt	Violation Postal Laws Violation Postal Laws	Fined \$2,000 and costs Fined \$500
Louis Gold, d. b. a., National Embroidery Co., 1648 Winchester Ave., Chicago, Ill. (Embroidery mfg.)	Louis Gold Charles Mitchell	Violation Postal Laws Violation Postal Laws	Fined \$200 Fined \$200
Claude M. Adams, Santa Barbara, Cal. (Furniture)	Claude M. Adams	Grand theft and forgery	5 years imprisonment in State Penitentiary—Pro- bation

Total of 873 Convictions from June 1, 1925 to January 31, 1930.

Great American Insurance Company New York

INCORPORATED - 1872

HOME OFFICE, One Liberty Street, NEW YORK CITY
WESTERN DEPARTMENT, 310 S. Michigan Avenue, CHICAGO, ILL.
PACIFIC DEPARTMENT, 233 Sansome Street, SAN FRANCISCO, CAL.

POLICIES ISSUED TO COVER

Fire, Lightning, Tornado, Windstorm, Hail, Explosion, Rents, Profits,
Commissions, Automobiles, Motorcycles, Leasehold, Marine, War
Risk, Hulls, Cargoes, Inland Marine, Inland Transportation, Floaters,
Registered Mail, Mail Package, Tourist Baggage, Sprinkler Leakage,
Use and Occupancy, Earthquake, Riot and Civil Commotion.

AFFILIATED INSURANCE COMPANIES

American Alliance Ins. Co. Massachusetts Fire & Marine Ins. Co.
American National Fire Ins. Co. Mount Royal Assurance Co. (Canada)
County Fire Insurance Co. North Carolina Home Ins. Co.
Detroit Fire & Marine Ins. Co. Rochester American Insurance Co.

Great American Indemnity Company

Addresses Wanted

ANDERSON, ALFRED B., formerly in business at 364
Adams Ave., Scranton, Pa.
ANDERSON, PETER, formerly Rockville Center, also
Babylon, L. I., N. Y.
ANTLE, CLARENCE F., operated the Antle Dairy
Company, 1444 No. Cincinnati, Tulsa, Okla.
BARNARD & HANSEN, formerly located at 703 - 16th
Ave., Kenosha, Wis.
BARRON, HENRY, 734 Huntington Ave., Roxbury,
Mass. (Grocery and meat Mkt.)
BERG, J. (Prop.) Columbia Perfumery Co., 148 E.
110th St., N. Y.
BLACKWELL, J. M., Farmer, Box 161, Ballinger, Texas.
BOGGS, P. P., former salesman, 1102 E. Park Ave.,
Savannah, Ga.
BOSH, F. H., Grocer, Rinehart, W. Va.
BRIGHT STAR CABINET CO., Inc., 303 Cherry St.,
New York, N. Y.
BURROUGHS, E. M., former salesman, 88 Park St.,
Ashtabula, Ohio.
CAPITAL ROOFING & ASBESTOS CO., 167 Madison
Ave., Albany, N. Y.
CARLTON, W. G., Grocer, Urbanna, Va. Last heard
of had gone to Baltimore.
CARTWRIGHT, EDITH, (MISS), formerly located at
709 Sheridan Rd., Chicago.
CHESBROUGH, R., R.F.D. No. 1, Huron, Ohio.
CROWLEY, P. T., formerly 426 5th Ave., New
Rochelle, N. Y.
DEROE FLORIST, 64 West Fordham, N. Y.
FARRAH, GEORGE, 11 Hartford St., Framingham
Mass. (Grocery).
FELDSTEIN, PAULINE, 1464 2nd Ave., N. Y.
FLESH, ED., formerly of Weston, W. Va.
FORREST, JAMES, Plumville, Pa.
GENERAL INSULATING & REFRIG. CO., Mr. Mas-
ville, Manager, formerly located at 108 West Wash-
ington St., Chicago.
GLASON, R. A., Gruver, Texas, reported moved to
New Mexico, name of town unknown.
GOEBEL SURGICAL SUPPLY COMPANY, formerly
Huron Bldg. and 743½ Minnesota Ave., Kansas City,
Kansas.
GOLDFARB, B., New York City.
GROSS, J. A., formerly in the contracting business in
Jacksonville, Fla. Thought to have gone to Chicago.
HART, P. J. & Co., formerly in New Rochelle, moved to
Rhode Island.
HAUSER, AUGUST, known as North Shore Oil Burner
Co., 4301 162nd St., Flushing, L. I.
HENLEY, P. B., Henley Drug Store, Hay Street,
Fayetteville, N. C.
HENSON, or HUSON H., formerly doing business at
1607 North Fifth St., Kansas City, Kansas.
KEENER, G. D., Grocer, Bays, W. Va.
KILGO, GEORGE, formerly doing business at 1407
North Fifth Street, Kansas City, Kansas.
LATHAN, E. B., Terrace Confectionery, Brownsville,
Texas.
LEACH, C. D., 825 Westminister St., Providence, also
1424 K Street, N. W. Washington, D. C.
LEE, A. A. and HUDDLESTON, operating as LEE &
Huddleston, rice farmers and contractors, Bay City,
Texas.
McCASKILL, L. M., Blenheim, S. C., at that point
during March, 1926.
McDOWELL, GEORGE R., formerly doing business at
1607 North Fifth St., Kansas City, Kansas.
MIDWEST DISTRIBUTION COMPANY, formerly doing
business at 1607 North Fifth St., Kansas City, Kan.
MIDWEST STATIONERY COMPANY, formerly doing
business at 1607 North Fifth Street, Kansas City,
Kansas.
MIECHEL-POWERS, INC., Plumbers and Steam Fitter,
formerly at 29 Amboy St., B'klyn, N. Y.
MIFFLIN, FRANK H., painter formerly living at 617
Fairmount St., Davenport, Iowa.
MILLER, R. B., 312 Michigan Ave., Louisville, Ky.
MINDLEY, M., Jeanne Shop, 316 E. 149th St., N. Y.
NODACKER, H. L., formerly located at 3343 West
Pico, Los Angeles.
PROCESS SIGN CORPORATION, formerly doing busi-
ness at 1607 North Fifth St., Kansas City, Kan.
RICHER, J., Prop., Blue Cross Instrument Company,
310 Prince Theatre Bldg., Houston, Texas.
ROSENBAUM, GEORGE, Prop., Gloria Hosiery Shop,
formerly 8081 Fifth Ave., B'klyn, N. Y.
ST. CLAIR, R. W., Prop., Buck Run Supply Company,
(Grocery), Clymer, Pa.
SMITH, BERT D., World War Veteran and Garag
operator, last known address 3223 W. 92nd St., Cleve-
land, Ohio.
SOFRONSKI, IRVING, formerly operated Irving
Pharmacy, 1784 Frankford Ave., Phila., Pa.
TEBLUM, R., 1709 N. 5th St., Phila., Pa.
TURNER, M. T., Turner Filling Station, Coriath,
Texas.
VALLEY FORGE BAKING COMPANY, Proprietor's
name Stighlitz, formerly located at 134 Bridge St.
Phoenixville, Pa. Now at Lakewood.
WALTERS, E. K., plumber and steam fitter, formerly
located at Emaus, Pa.
WEINSTEIN, HYMAN, 4381 Washington St., Boston,
Mass. (Roslindale 31) Grocery and Meat Market.
WISMAN, J. H., Racine, W. Virginia.
WRIGHT, LEWIS, formerly operated Wright Filling
Station, Appleby, Texas.

CREDIT MONTHLY

When taking out a Great American policy please mention Credit Monthly

From the Mental Mint

It is easier to "get up-to-date" than it is to "keep up-to-date".

Showdowns are the touchdowns of business.

Success is an instalment plan in which the down payment is at least fifty per cent. of the principal.

The speaker who exhausts his subject exhausts his listeners.

A wise man never regrets his mistakes. They have made him wise.

Many people bankrupt their ambitions through an over-expenditure of self-pity.

You cannot reach the *foreground* unless you have *background*.

Experience is the name that most men give their mistakes. That is why men who early learn to make few mistakes succeed without an abundance of experience.

Information—speculation — fluctuation—ruination.

You can get a quarter of a dollar so close to your eye that you can't see a quarter of a million.

Attitude needs latitude.

The right kind of supervision is *super vision*.

You can't fill your job unless your job fills you.

Choose men who will do your work as you would do it and you multiply yourself.

Rules should be made of tough rubber—to stretch under pressure of exceptions, but to snap back into shape as soon as the pressure of the exception is released.

Many people would rather be misled than led.

... C. H. M.

National Association of Credit Men Nominating Committee at Dallas, Texas, May, 1930

The Nominating Committee of the National Association of Credit Men which will function at the 35th Annual Convention at Dallas, Texas, May 12-16, will consist of:

EX-PRESIDENTS

William H. Pouch, CHAIRMAN, Concrete Steel Co., New York, N. Y.
J. E. Norvell, Philadelphia Association of Credit Men, Philadelphia, Pa.
W. F. H. Koelsch, New Netherlands Bank, New York, N. Y.
C. R. Burnett, American Oil & Supply Co., Newark, N. J.
S. J. Whitlock, 5744 Midway Park, Austin Station, Chicago, Ill.

MEMBERS AT LARGE

H. S. Cowan, Armour & Co., Kansas City, Mo.
J. J. Hayes, Westinghouse Electric Mfg. Co., Seattle, Wash.
E. H. Heller, Citizens Union National Bank, Louisville, Ky.
S. C. Hookstratten, California Dairies, Inc., Los Angeles, Calif.
Warren Humphreys, Integrity Trust Co., Philadelphia, Pa.
D. J. Lanahan, Standard Oil Co., Jacksonville, Fla.
L. C. Lyon, Gulf Refining Co., Pittsburgh, Pa.
E. M. Tourtelot, 1st National Bank, Chicago, Ill.
E. P. Trussell, Armour & Co., Omaha, Neb.
W. A. Williams, Williams & Reed, Inc., Richmond, Va.

MEMBERS FROM DISTRICTS

C. A. Colton, Boston Transcript, Boston, Mass.
H. H. Kase, Taylor Instrument Companies, Rochester, N. Y.
W. E. Moore, United States Fidelity & Guaranty Co., Baltimore, Md.
J. C. Lauderdale, Gray-Dudley Hardware Co., Nashville, Tenn.
O. A. Montgomery, Detroit Association of Credit Men, Detroit, Mich.
J. McNair, Fox Vliet Drug Co., Oklahoma City, Okla.
F. B. Ramey, Texas Oil Co., Atlanta, Ga.
F. B. Atwood, Forman Ford & Co., Minneapolis, Minn.
G. M. Nicols, Salt Lake Hardware Co., Salt Lake City, Utah.
C. P. King, A. M. Castle Co., Seattle, Wash.



The upheavals during the past six months have driven home to business leaders the importance of adequate insurance protection. Executive heads of business have become more conscious than ever of the need of insuring intelligently against unknown quantities. We are constantly advising what coverages are necessary—in casualty, surety, fidelity, burglary and fire with its allied lines.

Our agent in your city will be glad to discuss your problems with you.

United States Fidelity and Guaranty Company

with which is affiliated the

Fidelity & Guaranty Fire Corporation
BALTIMORE MARYLAND

Over 8,000 Branches and Agencies in United States and Canada

APRIL, 1930

When taking out an U. S. F. & G. policy please mention Credit Monthly

SYSTEM = ~ SPEED ~ AND \$AVING\$

—are three major benefits gained by every user of N. A. C. M. standardized credit forms.

SYSTEM—Standardize and strengthen your credit instruments as other leading credit executives are doing.

SPEED—Simplify the securing of credit information by using recognized approved credit forms.

SAVINGS—Benefit by large savings—20 to 40 cents on the dollar—made possible by quantity printing.

By using N. A. C. M. standardized forms, your credit decisions can be quickly reached, because the facts about your customer are arranged for quick analysis.

Clip this Coupon NOW

**NATIONAL ASSOCIATION OF CREDIT MEN,
ONE PARK AVENUE, NEW YORK.**

Gentlemen:

Send me your folio containing samples and prices of your approved standard credit forms.

NAME

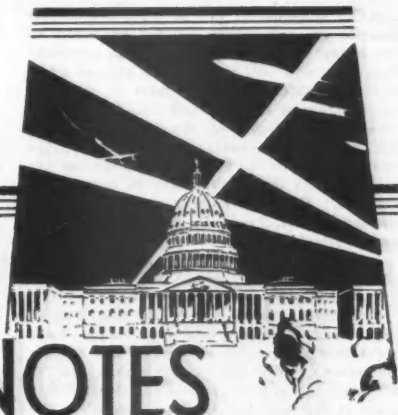
ADDRESS..... FIRM.....

CITY..... STATE

CREDIT MONTHLY



COURT DECISIONS AND WASHINGTON NOTES



EMPLOYMENT CONTRACT. MUTUALITY. MEASURE OF DAMAGES.

The alleged contract provided for a commission of 10 per cent. of the net advertising produced by proper representation of the defendant in the territory which was designated. The contract went into operation January 1, 1919. In January, 1920, the executors of the Estate of James Gordon Bennett, which owned all the stock of the Herald Company, contracted to sell the stock to Frank Munsey, free of all contracts. On January 20, 1920, the manager of the company wrote to Mr. Robert W. Candler, who was an officer and director of the Herald Company and counsel of the Bennett Estate, respecting this Glass contract, and said that the arrangement or contract was for three years, and will not be accepted by Munsey; that it should be terminated immediately. Thereupon Glass was discharged. The prime contention of the defendant is that there was no authority, expressed or implied, in the advertising manager DeWitt, to make such a contract as the one in suit. Defendant argues that the contract in suit is void for want of mutuality. *Held* that such view does not seem to be sustained by the nature of this arrangement. DeWitt in his capacity as advertising manager of the company prepared the letter, Glass accepted it by signing one of the copies in the lower left hand corner: "Accepted, John Glass", and after making the agreement the parties actually operated under it from January 1, 1919, to January 16, 1920, when defendant sold its stock to Mr. Munsey. Therefore under all the rules applicable to the construction of a letter of this character, it must be held that the contract in suit was not void for lack of mutuality. It must be held besides that the contract was authorized and ratified, and that the defendant corporation is bound thereby, and could not deny validity. With respect to the direction of a verdict on the second cause of action, for damages for the unexpired term of the contract, there was error in such direction. The sole basis on which the amount of the directed verdict was computed was the conjecture that Glass' commissions after the termination of the contract would have continued as based on the same amount of business as had been done during his first year. There was no evidence as to the conditions after the unexpired time. Nothing was shown as to whether the trend of Glass' sales was upward or downward. The measure of damages is the measure of value of the contract to the plaintiffs. They can be given the gross receipts, less the expenses to which he would have been put in earning them. *Palmer vs. New York Herald Co.* Supreme Ct. Appellate Div. 1st Dept. N. Y. Decided February 14, 1930.

EXEMPTION. HOMESTEAD. ABANDONMENT.

The property claimed as exempt consists of 183 acres which the bankrupt acquired in 1899. He built a home and moved on it with his family in 1901, and continued to live on it until 1912. He then moved with his family about ten miles away to a 10-acre tract adjoining the city of Austin, in order that he might more conveniently send his children to school, but with the intention of later moving back on the 183-acre tract. That intention was abandoned some six or seven years prior to bankruptcy because of the burning of his home on the larger tract. During the earlier years of his ownership he cultivated the land himself, but later rented part of it to tenants on half shares for the cultivation of cotton and corn. The trustee in bankruptcy concedes that the bankrupt established his homestead on the 183-acre tract of land, but contends that this homestead was abandoned in favor of one on the 10-acre tract. *Held* that mere temporary letting of the whole of a homestead does not constitute abandonment. Much less could abandonment be predicated upon the temporary letting of a part of the homestead. The bankrupt never ceased to use the land in dispute as a part of his homestead, and its character was not changed by the fact that after its establishment he resided on a separate tract of land which formed a part of the homestead. *Gills vs. Robinson.* U. S. C. C. A. 5th Cir. (Texas.) Decided February 21, 1930.

OFFER AND ACCEPTANCE.

Held that a telegram by a seller offering a carload of potatoes to a buyer and a telegram in response by the latter directing the seller to ship the car constituted a sale which required no further confirmation by telegram or otherwise from the seller. *King vs. D. E. Ryan Co.* Supreme Ct. Minn. Decided February 21, 1930.

CONDITIONAL SALES. CONTRACT. CONVERSION.

The property was sold on conditional bill of sale by the plaintiffs to Harris Gordon and were delivered and set up in three apartments in a building owned by him. The plaintiffs caused to be recorded in the registry of deeds a notice of the conditional sale of these ranges. Gordon gave a third mortgage on the real estate to the defendant Jacob N. Segal. This mortgage was assigned. Entry was made to foreclose for breach of condition, and thereafter at a sale under power in the mortgage the assignee became the purchaser of the property. In the foreclosure deed the estate is described

as in the mortgage and no mention is therein made of personal property. Plaintiff's attorney mailed a letter to the attorney for both defendants, stating, in substance, that unless he received the balance due, he would take steps to protect his clients' interest. Defendants' attorney wrote the plaintiffs' attorney as follows: "My contention is that your client has no right to the stoves as against my client." *Held* that the judge was justified in finding upon the evidence that the stoves did not become a part of the real estate. The statement by counsel for the defendants in his letter to the effect that he contended that the plaintiffs had no right to the stoves as against his client could be found to be the same in legal effect as though the defendants themselves had made the statement. Such a statement when considered in connection with the circumstances under which it was made could be found to be such an exercise of dominion and intention to exclude the plaintiffs from possession as to amount to a conversion. *Morrison et al. vs. Segal et al.* Supreme Jud. Ct. Mass. Decided January 30, 1930. Requisition No. 10028.

CONDITIONAL SALES. INNOCENT PURCHASER.

In this action in claim and delivery to recover possession of an automobile to which plaintiff claimed legal title and which had been delivered to an automobile agency, where plaintiff did not obtain a bill of sale for the car from the person from whom it was purchased and did not register it with the division of motor vehicles, and the car was thereafter sold to defendant purchaser under a conditional sale contract, which contract was assigned to defendant bank, and there was no evidence that such defendants had any notice or knowledge of plaintiff's claim, and it appears that lack of notice of plaintiff's claims misled such defendants to their detriment. *Held* that plaintiff, by its own acts having negligently permitted the situation which resulted in the detriment to defendant, is estopped to assert its title to the car as against defendant purchaser and defendant bank. *Western States Acceptance Corp. vs. Bank of Italy et al.* Dist. Ct. of Appeals. 1st App. Dist. Calif. Decided February 13, 1930.

COVENANT NOT TO COMPETE. RESTRAINT OF TRADE.

Suit by the purchasers of a business property. The sellers covenanted not to engage in similar business in the county, for the next 25 years. The vendees then formed a corporation to carry on the business purchased. Thereupon the sellers breached the covenant. The in-

dividual stockholders of the seller corporation brought this suit. *Held* that the restriction to one county is not a restriction to an unreasonably large area, and includes the area of effective competition. The covenant is therefore not in restraint of trade and will be enforced. However, the rights of the individual shareholders on the covenant were assigned to the corporation upon its formation. Therefore the corporation is the proper party to enforce the covenant. Dismissed without prejudice. *Anderson and ano. vs. Truitt & ano.* Court of Appeals. Maryland. Decided January 9, 1930.

COLLECTING BANK. LIABILITY.

Held that it is a general rule that a bank that accepts a check drawn upon another bank is authorized to receive only cash, and, in case the collecting bank accepts other than cash, it is liable for any damage sustained thereby. But where at the time the check is presented to the collecting bank, both the drawer and the collecting bank know the drawee bank is in a failing condition and the collecting bank promptly presents same and demands cash, which is refused because the drawee bank has not sufficient cash to pay the check, it is not negligence nor want of ordinary care and diligence for the collecting bank to accept a draft on another bank in payment of the same, where said draft is properly presented for payment and it clearly appears, as in the instant case, that drawer suffered no damages from the act of the collecting bank. *Farmers State Bank vs. Williamson.* Supreme Ct. Oklahoma.

CONCEALMENT OF PROPERTY BY BANKRUPT. STATUTE OF LIMITATIONS.

The indictment charges the bankrupt feloniously secreted and concealed a large quantity of personal property. The contention of the Defendant is, that the record shows that the date of the indictment was more than three years after the "commission of the offense", if any offense was committed. The United States Attorneys contend that the offense charged is a continuous offense; that the Statute of Limitations does not begin to run until the termination of the concealment, and that so long as he fails to notify the Trustee of the whereabouts of the property, or until he has abandoned his efforts to conceal, the concealment continues, and there is no Statute of Limitations to present the prosecution. *Held* that if the contention of the United States Attorneys is correct, the Statute of Limitations would seldom have an application and would be of no effect. In fairness to the bankrupt the charge should be made within three years after the unlawful Act. There is no apparent reason why this could not have been done in this case. The indictment is quashed. *United States vs. Bachman.* U. S. Dist. Ct. Dist. of Penn. Decided February 18, 1930.

The WASHINGTON NOTES following are supplied by George C. Shinn, attorney-at-law, Wilkins Building, Washington, D. C.

Legislation Protecting Chattel Mortgages and Other Lien Instruments

Finance companies throughout the United States are very much interested in proposed legislation to protect the rights of innocent lienors, who have taken conditional sale contracts or chattel mortgages on automobiles and other property which is subject to confiscation under the internal revenue laws.

The present Act takes care of the matter, but under old internal revenue and customs statutes, such property is still subject to seizure and disposition by the Government, and fre-

quently deprives an innocent lienor of the benefit of his security.

The object of the present legislation is to make the laws uniform, so that finance companies, banks and others may deal with such property with some degree of real security.

Doubtless, there will be hearings on the bill in the present session of Congress.

Paid Testimonials

The Federal Trade Commission recently put its stamp of disapproval on the practice of some advertisers of displaying pay testimonials of tobacco products without publishing along with the advertisements the fact that the testimonials have been bought and paid for.

One corporation signed an agreement with the Trade Commission, to stop the practice.

Tax Cases in the Supreme Court

The Supreme Court has before it, pending on the merits, about thirty tax cases. The questions up for decision are numerous and include the following: Whether in computing gain or loss, personal property is "acquired" by a legatee at the date of the decedent's death, or at the date of distribution of the estate; whether a loss resulting from a breach of contract is deductible during the year when the contract was breached, or in a later year when the liability and damages are finally determined by final decision of the Court; the time when income from sale of timber lands is taxable; taxability of batteries and battery parts as "parts" or "accessories;" whether the transfer of property by a decedent to trustee was a transfer to take effect in possession at or after death, and whether the property should therefore have been included in the gross estate; whether failure to swear to or sign tax return stays the running of the Statute of Limitations, and many other interesting subjects.

The cases are being heard from time to time, and will be probably all disposed of at the end of the present term of Court.

Three New Bulletins

The Department of Commerce has recently issued three bulletins of interest to exporters.

One involves the increased production of fresh fruits in the United States, together with the steadily rising demand in foreign countries. Exports of fresh fruits from the United States in 1928 had a value of \$56,000,000. The bulletin issued by the Department acquaints interested persons with the present foreign markets for fresh fruits.

Another bulletin deals with markets for sawmill and woodworking machinery in Mexico, Guatemala, Panama, Cuba and Porto Rico.

Still another document deals with the dried fruit industry and trade of South Africa. The history, present status, and prospects of the fruit industry of South Africa are briefly outlined in this bulletin, and will be of considerable interest to American exporters of dried fruits.

These documents may be had upon application to the Department of Commerce, or the Superintendent of Documents, Washington, D. C. The fresh fruits document is priced at \$0.25, the sawmill and woodworking machinery document at \$0.10, and the dried fruit document at \$0.10.

Conditional Sale Contracts Under the Liquor Laws

The Court of Appeals of the District of Columbia recently handed down a decision involving the rights of a holder of a conditional sales contract, where an automobile was seized under the Prohibition Law. One Lewis Malinow, of Baltimore, according to the record, bought the automobile under a conditional sales agreement, in 1928. One of the provisions of the contract prohibited the use of the automobile in the illegal transportation of liquor

and provided that the machine could be repossessed for a violation of the provision.

The machine was seized while in the possession of a man who pleaded guilty to violating the Prohibition Act. The Appellate Court decided in favor of the Automobile Brokerage Corporation, who claimed the automobile after the Government sought to confiscate it.

Bankruptcy Indictments

The campaign against commercial fraud in the District of Columbia is still being actively waged. Recently indictments were returned by a local grand jury against Hyman Ritchie Weinstein, Samson Norman Weinstein, Nathan Shapiro, Laura Freidman, L. S. Gain, Laura Lennon, and Selma Harris.

The indictments all grow out of irregularities in connection with a bankruptcy case which has been pending in the District since the Fall of 1928.

Report of National Retail Credit Survey Will Soon Be Out

Domestic Commerce, the publication of the Bureau of Foreign and Domestic Commerce, reports that the national survey of credit and conditions throughout the United States, which the Domestic Commerce Division has been conducting at the request of the National Retail Credit Association, has been completed and will be issued as soon as possible in three sections, each covering a group of retail establishments that operate under somewhat similar credit conditions.

The first report will include department stores, and stores specializing in women's, children's and infants' apparel, men's and boys' clothing, fur goods, boots and shoes, general clothing, furniture and dry goods.

A few weeks later will be issued a complete report on credit conditions in retail stores handling automobiles, automobile accessories, groceries, bakery products, radio sets and supplies, electrical appliances, jewelry and optical goods.

The third section will report credit conditions in retail establishments distributing hardware, coal and wood, lumber and building materials, paint, oil and varnish, plumbing and heating fixtures, stoves and ranges, house furnishings, etc.

More than 200,000 questionnaires were submitted to retailers in various lines in connection with this credit survey. Among the points covered in the reports will be collection percentages, ratios of credit to total sales in stores in different lines and in stores of different sizes, and the proportion of returns in sales on open and instalment credit as compared with cash sales.

Proposed Amendment to National Banking Act, Relating to Negotiable Instruments

The bill, introduced by Representative Strong, providing that transferees for collection of negotiable instruments shall be preferred creditors of national banks in certain cases, is still pending before the Committee on Banking and Currency, of the House of Representatives. It is most likely that a hearing will be held on this bill for several weeks.

The measure has excited some attention throughout the country, for it makes a decided change in the law pertaining to negotiable instruments, in the case of the insolvency of a national bank.

The act makes a negotiable instrument preferred if, first, it is drawn against the delivery of an accompanying document of title, relating to real or personal property; secondly, it has been transferred to such bank after the enactment of this proposed Bill, and; thirdly, it has been collected, in whole or in part, by such bank.

The provisions of the new law shall not apply to any case where the transferor is a depositor in the bank, and the proceeds of collection have been credited by the bank to his account.

"Got It At Last!"



"Thought Smith and Company would never settle that old account. Remembered finally that I should use the service of the Collection Department of my association. And here it is, paid in full."

We can quote you hundreds of similar cases. Turn your collection problems over to your nearest adjustment bureau. They are strategically located in the seventy-five leading cities of the United States. Let them give you the same successful service which thousands of other concerns get.

Profitable service, not profit, is the motto of the adjustment bureaus.

Collection and Adjustment Bureaus Department

NATIONAL ASSOCIATION of CREDIT MEN

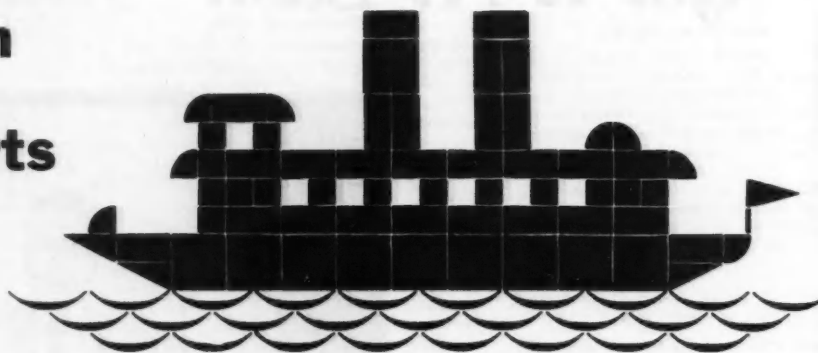
One Park Avenue, New York

Adjustments

Investigations

Collections

Have You Seen the Reports

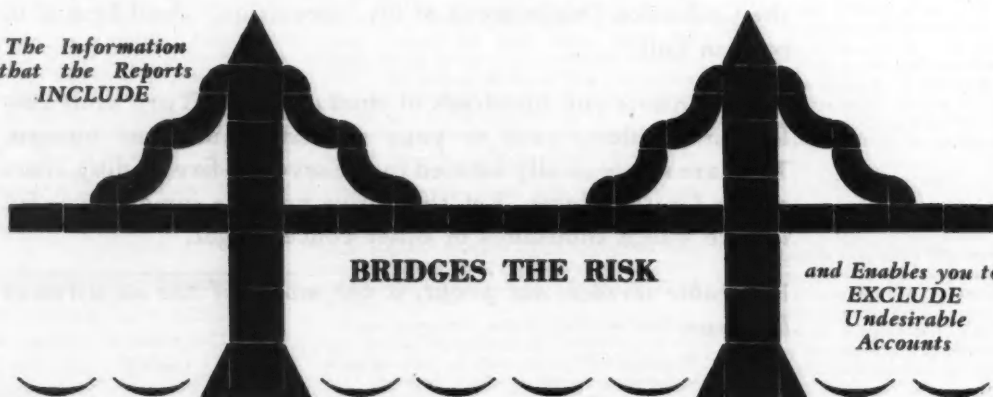


Ship With a Feeling of Security

The Foreign Credit Interchange Bureau is ideally prepared to act as a clearing house, furnishing members with comprehensive reports embodying ledger experience and other credit information, enabling them to better judge the credit risk of the foreign buyer.

Credit and collection conditions constantly change in world trade. Membership in the Bureau will be an invaluable service to you in developing and maintaining your export business on a sound basis. Use the Bureau to secure information and to check the "paying habits" of firms buying in the United States for export.

*The Information
that the Reports
INCLUDE*



BRIDGES THE RISK

*and Enables you to
EXCLUDE
Undesirable
Accounts*

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National Association of Credit Men

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Guarantees the Judgment of

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Credit Executives plus Credit Insurance are a vital force for the benefit of American business and industry.

If credits were granted indiscriminately, they would occasion disastrous losses. Insurance could not be applied to the hazard of such losses. The low cost for credit insurance has been established solely by the skill of men whose life work has been devoted to reducing the risks of credit extension.

Because the greater part of business in this country is based on the use of credit, the protection of receivables is so absolutely essential to our business and industrial welfare. This welfare is ably safeguarded by credit executives, whose decisions and judgments this company is glad to underwrite.

Only houses with credit departments and trained credit executives in charge, are sought as policyholders of the National Surety Company.

A National Policy of Credit Insurance pledges the World's Largest Surety Company to prevent, or pay losses above the normal expectancy of the insured. Policyholders whose credits are carefully supervised secure Credit Insurance at low cost.

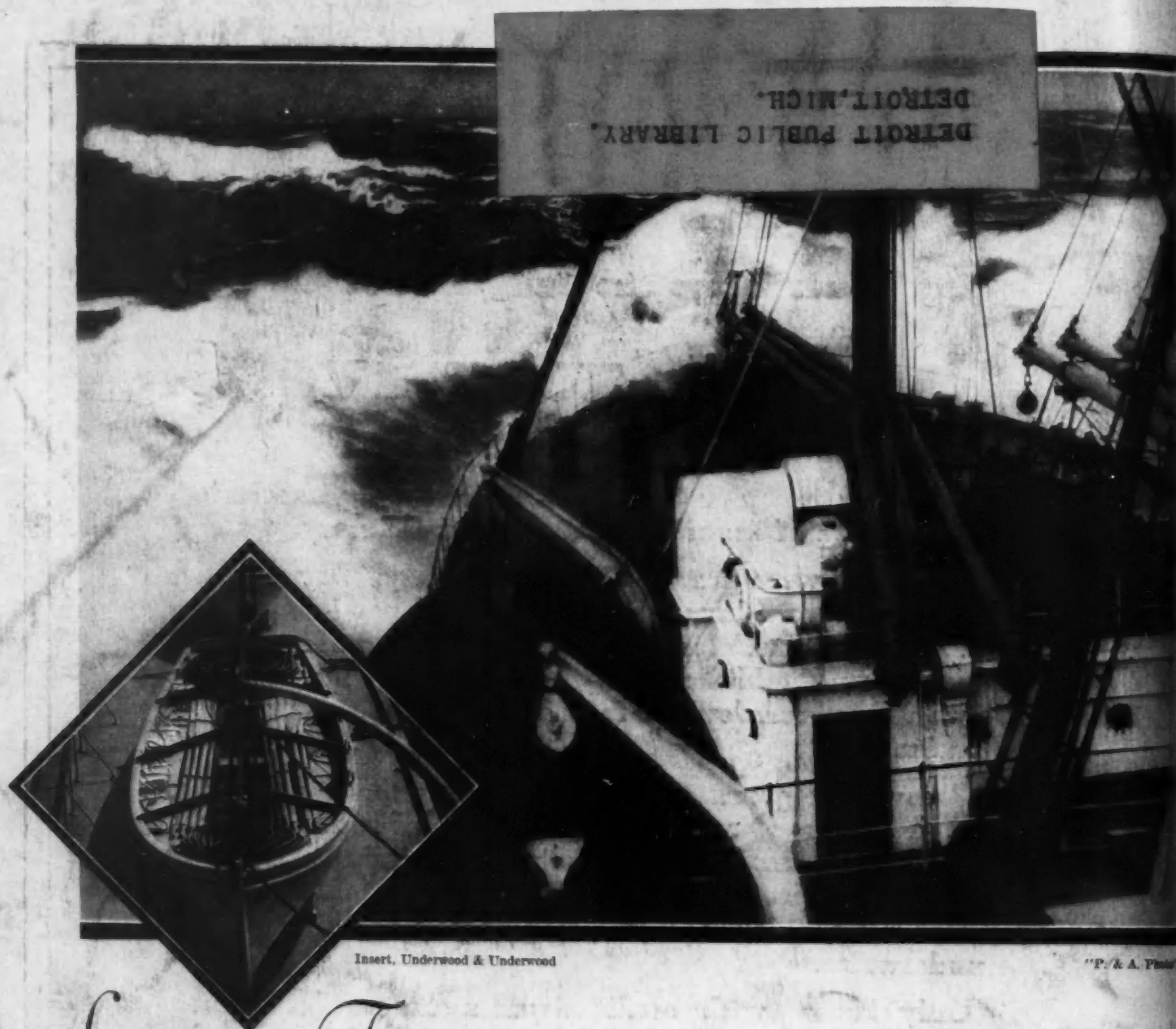
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